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HORIZONTAL PROPERTY REGIME
MASTER DEED**

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STATE OF SOUTH CAROLINA) **THE CHARLES HORIZONTAL PROPERTY**
) **REGIME MASTER DEED**
 COUNTY OF CHARLESTON)

The Charles Horizontal Property Regime Master deed (the "Master Deed") is made by **The Charles, LLC**, a South Carolina limited liability company ("Declarant"), pursuant to the Horizontal Property Act of South Carolina (the "Act"). The Master Deed is for the purpose of creating **The Charles Horizontal Property Regime** (the "Regime") and establishing certain easements, covenants, and restrictions to run with the land. The Declarant, by executing and recording this Master Deed, submits the property described in Exhibit A herein (the "Property") to the provisions of the Act, and creates, with respect to the Property, a condominium to be governed by and subject to the provisions of this Master Deed and the Act. To that end the Declarant declares the following:

1. DEFINITIONS.

1.1. SPECIFIC DEFINITIONS

The definitions contained in Section 27-31-20 of the Act are incorporated in this Master Deed unless it appears from the context that a definition in the Act is contradictory to a definition in this Master Deed, in which event the definition in this Master Deed shall apply.

1.1.1. "Act" means the Horizontal Property Act, Section 27-31-20 et seq., of the 1976 Code of Laws of South Carolina, as amended from time to time. References to specific sections of the Act contained herein refer to the sections as designated at the time of recordation of this Master Deed.

1.1.2. "Added Property" means any real property, whether or not owned by the Declarant, that is made subject to this Master Deed with the written recorded approval of the Declarant.

1.1.3. "Affiliate" means a legal entity owned or controlled by Declarant or Declarant's members, or a legal entity that owns or controls Declarant.

1.1.4. "Apartment" or "Unit" means an "Apartment" as that term is defined in the Act and includes one or more rooms and adjoining spaces designated as part thereof by this Master Deed occupying one or more floors or a part or parts thereof, together with its Percentage Interest in the Common Elements.

1.1.5. "Articles" means the Articles of Incorporation of the Association.

1.1.6. "Assessment" means the charges from time to time assessed against a Unit by the Association in the manner herein provided and includes Regular, Special and Working Capital Assessments, as set forth in Section 12, below.

1.1.7. "Association" means **THE CHARLES ASSOCIATION, INC.**, a South

Carolina not-for-profit corporation, in which the Co-Owners are the sole members, created or to be created for the purpose of managing the affairs of the Regime. It constitutes the "Association of Co-Owners" as defined in the Act.

1.1.8. "Board of Directors" means the Board of Directors of the Association.

1.1.9. "Building" means the structure or structures containing the Apartments and comprising a part of the Property.

1.1.10. "Building Plans" has the meaning set forth in Section 2.4, below.

1.1.11. "Business Day" means any day other than Saturday, Sunday or any official holiday observed by the State of South Carolina. Unless otherwise required by law, if the last day for performance of any action under this Master Deed occurs on a day that is not a Business Day, the last day for performance of such action shall be deemed to be the next Business Day.

1.1.12. "Bylaws" means the Bylaws adopted by the Association that govern the administration and operation of the Association, as amended from time to time. The initial Bylaws are attached as Exhibit B.

1.1.13. "Co-Owner" or "Owner" has the same meaning as "Co-Owner" in the Act and means any Person that owns a Unit, including a Joint Co-Owner, as defined herein. It does not include (i) a mortgagee unless such mortgagee has acquired title to the Unit or (ii) any Person having a contract to purchase a Unit but to which title has not been conveyed of record.

1.1.14. "Common Elements" means "general common elements" as generally defined in the Act and more specifically defined in Section 3 of this Master Deed. It includes, without limitation, all areas shown and designated as a Common Element, or similar wording clearly indicating such intent, on or in (a) this Master Deed, including the exhibits attached to this Master Deed, as it may be amended from time to time, or (b) any recorded plat of the Property, recorded amendment or supplement to this Master Deed that has been approved in writing by the Declarant. Portions of the Common Elements may be reserved for use as Limited Common Elements, as defined herein. **THE DESIGNATION OF ANY OF THE PROPERTY AS "COMMON ELEMENT" OR "LIMITED COMMON ELEMENT" SHALL NOT MEAN THAT THE PUBLIC AT LARGE ACQUIRES ANY EASEMENT OF USE OR ENJOYMENT THEREIN.**

1.1.15. "Common Expense" means all liabilities or expenditures made or incurred by or on behalf of the Association, including, without limitation, expenses of administration, insurance, operation, and management; expenses of maintenance, repair or replacement of the Common Elements (including Limited Common Elements unless otherwise expressly stated herein); and expenses declared to be Common Expenses by this Declaration or the Bylaws.

1.1.16. "Condominium" or "condominium ownership" means the form of ownership intended by the Master Deed and the Act, that is, ownership by Co-Owners of individual Units, with

a common right to a defined share of the Common Elements.

1.1.17. "Controlling Interest" means that Declarant or its Affiliate cumulatively owns Units to which at least one third (33.33%) of the cumulative Percentage Interests are allocable. (Example Only: Assume that the Regime consists of 22 Units and the Percentage Interest for each Unit is the same. A Controlling Interest would no longer exist when Declarant or its Affiliates cumulatively no longer owns 7 Units [$66.66\% \times 22 \text{ Units} = 14.66 \text{ Units}$]). [Note: The actual Controlling Interest from time-to-time must be determined by calculating the cumulative Percentage Interests of those Units that are then still owned by Declarant or its Affiliates.]

1.1.18. "Declarant" means The Charles, LLC, a South Carolina limited liability company, its successors and assigns. The Declarant may assign its rights as Declarant, in whole or in part, by a written assignment signed by the Declarant and the assignee and duly recorded in the Beaufort County Register of Deeds. The existence of a mortgage on a Unit or the Property shall not be deemed to make the mortgagee a "Declarant."

1.1.19. "Elevations" has that meaning set forth in Section 2.4, below.

1.1.20. "Flat" means a Unit that is located on one floor of a Building.

1.1.21. "Floor Plans" has that meaning set forth in Section 2.4, below.

1.1.22. "Governing Documents" means this Master Deed, the Articles of Incorporation, the Bylaws and the Rules and Regulations, as amended from time to time.

1.1.23. "Joint Co-Owner" means a Person that owns a Unit with any other Person, the combination of which constitutes a Co-Owner. Where a Person is a Joint Co-Owner of a Unit, the Board may establish such rules and procedures as it deems appropriate to govern which Joint Co-Owner has the right to act or communicate on behalf of the Unit in matters governed by this Master Deed or the Bylaws.

1.1.24. "Land" means the real property other than improvements described in Exhibit A to this Master Deed.

1.1.25. "Limited Common Elements" means "limited common elements" as generally defined in the Act and, more specifically, Common Elements that are reserved for the use of a certain Unit or Units to the exclusion of the other Units and are shown and designated as a Limited Common Element, or similar wording or graphics clearly indicating such intent, in (a) this Master Deed and the exhibits thereto, as amended from time to time, or (b) any recorded plat of the Property or supplement to the Master Deed that has been approved in writing by the Declarant. (Also see Section 3, below).

1.1.26. "Majority of Co-Owners" or "Majority in Interest" means fifty-one percent (51%) or more of the cumulative Percentage Interests in the General Common Elements, as shown in Exhibit H to this Master Deed.

1.1.27. "Management Agent" means any entity retained by the Association to supervise the use, maintenance and repair of the Common Elements, or portions thereof, or manage the business affairs of the Association.

1.1.28. "Master Deed" means this Master Deed and all amendments or supplements thereto recorded from time to time.

1.1.29. "Occupant" means any individual lawfully occupying a Unit, including, without limitation, any Co-Owner or tenant, their resident family members, and their guests, invitees, employees and licensees.

1.1.30. "Operation of the Property" means and includes matters relating to the administration, use, operation, maintenance, repair, replacement, renovation or development of the Property or portions of the Property, including the Common Elements.

1.1.31. "Percentage Interest" means the percentage of undivided interest in the Common Elements then appertaining to each Unit, as set forth in Exhibit H to this Master Deed. It is intended to have the same meaning as the statutory percentage of interest defined in Section 27-31-60 of the Act.

1.1.32. "Person" means an individual, firm, corporation, limited liability company, partnership, association, trust or other legal entity.

1.1.33. "Plot Plan" means the plat(s) or survey(s) of the Land showing the location of the Building and other improvements on the Land, as shown as part of Exhibit C to this Master Deed, and any amendment or supplement thereto showing Added Property set forth in a recorded amendment or supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.34. "Property" means the Land described in Exhibit A to this Master Deed and all improvements on the Land that are part of the Common Elements (as more particularly stated in Section 2.1), together with all personal property of the Regime,.

1.1.35. "Regime" means The Charles Horizontal Property Regime created by the recordation of this Master Deed, as set forth in Section 27-31-30 of the Act.

1.1.36. "Register of Deeds" means the Register of Deeds for Beaufort County, South Carolina, or any successor entity.

1.1.37. "Rules and Regulations" means standards and procedures adopted by the Board governing the use, administration and operation of the Property, as initially set forth in Exhibit I to this Master Deed, as they may be amended from time-to-time.

1.1.38. "Unit Plans" means the Plans showing the general configuration and dimensions of each Unit, as shown in Exhibit F, and any amendment or supplement thereto set forth

in a recorded amendment or supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.39 "Unit" or "Apartment" means an "Apartment" as that term is defined in the Act and includes one or more rooms and adjoining spaces designated as part thereof by this Master Deed and occupying one or more floors or a part or parts thereof, designed or intended for independent use by a single family, together with its Percentage Interest in the Common Elements.

2.1. GENERAL DESCRIPTION OF PROPERTY

The Property is located in the Town of Hilton Head Island, South Carolina and in the Hilton Head Plantation community. It is adjacent to Skull Creek on the west and Skull Creek Drive on the east. The Building is designed in accordance with the 2018 International Building Code as a Group R2 residential building, Type IIB unprotected, sprinklered. The Building has five (5) levels containing 22 residential Units, all over one (1) level of parking. The structure of the Building has concrete footings and columns with eight (8) inch post tension concrete floors. Vertical access to all floors in the Building is provided by two (2) stairs and one (1) elevator located in two (2) hour concrete shaft walls. The Building materials are non-combustible with the walls being metal studs. The Units are separated from one another by one (1) hour walls and floors. The exterior of the Building has a hard coat stucco system on self-furred metal lath over DensGlass gold sheathing over metal studs. The roof of the Building is made up of a standing seam metal mansard on the perimeter with a main roof of thermoplastic polyolefin over tapered insulation. The balconies have aluminum guard rails.

2.2. UNITS

2.2.1. Structural Elements Not Part of Unit

Structural Walls, Structural Ceilings and Structural Floors are Common Elements, as further defined in Section 3.

- (a) "Structural Wall" means (i) the studs, supports, and other wooden, metal, or other structural materials to which the interior face of non-structural wall material, such as drywall, plaster, insulation, wall paneling, wood, tile, paint, paper, or any other wall covering, is attached, and (ii) all windows (including casings, sashes, trim, frames, mullions, window hardware, panes and screens) and doors (including casings, frames, door hardware and screens) in Structural Walls.
- (b) "Structural Ceiling" means the beams, joists, and wooden, metal, concrete or other structural materials that constitute a load-bearing ceiling and to which the interior face of non-structural ceiling material, such as drywall, plaster, insulation, paneling, wood, tile, paint, paper, or any other wall covering, is attached.
- (c) "Structural Floor" means the beams, floor joists, and wooden, metal, concrete or other floor or deck materials that constitute a load-bearing floor and to which the interior face of non-structural floor material, such as parquet, paneling, wood, tile, pavers, plywood or other sub-flooring, or any other floor covering, is attached.

2.2.2. Elements of a Unit

Each Unit is depicted on the Floor and Unit Plans. In addition to the Unit's

Percentage Interest in the Common Elements, a Unit consists of enclosed rooms in the Building that are bounded by the Structural Walls, Structural Ceilings, and Structural Floors forming the perimeter of the Unit. For the purpose of further defining a Unit, a Unit includes (i) any non-load bearing walls within the Structural Walls forming the perimeter of the Unit; (ii) the drywall, plaster, insulation, parquet, paneling, wood, tile, paint, paper, carpeting, plywood or other sub-flooring, pavers and other coverings attached to non-load bearing walls and Structural Walls, Structural Ceilings, or Structural Floors forming the perimeter of the Unit; (iii) any doors (including casings, frames, door hardware and screens) and windows (including casings, sashes, trim, frames, mullions, window hardware, panes and screens) that are not in perimeter Structural Walls and serve only the Unit; (iv) any fireplace or stove hearth, facing brick, tile, stone or firebox that serves only the Unit; (v) removable appliances, equipment, wiring, fans, and hardware and other non-structural improvements that serve only the Unit and are within the perimeter Structural Walls, Structural Ceilings or Structural Floors; (vi) any heating and cooling elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, ducts, chases, channels, compressors, air handling systems, controls, fans, registers, diffusers and all other related equipment required to provide heating, air-conditioning, hot and cold water, sewer, electrical, telecommunications, or other utility services solely to the Unit, wherever located; (vii) previously unenclosed (including screened) decks, porches, terraces and patios if such areas have been enclosed in accordance with the modifications review procedures of the Rules and Regulations, and (viii) any stairs, elevator or elevator equipment solely serving the Unit. A Unit does not include the perimeter Structural Walls, Structural Ceilings or Structural Floors surrounding a Unit; or utility or service lines, fireplace flues, utility chases or ducts, or similar spaces or equipment within the space surrounded by the Structural Walls, Structural Ceilings or Structural Floors around a Unit that serve more than one Unit or another Unit or Units.

2.2.3. Attaching Items to Interior of Unit

A Co-Owner shall have the right to affix to the interior surface of the Structural Walls, Structural Ceilings, or Structural Floors of such Co-Owner's Unit usual electrical wiring or fixtures, wall ornaments, and similar accessories if such action complies with applicable codes and does not, in the opinion of the Board of Directors, (a) materially and adversely affect any Structural Wall, Structural Ceiling, Structural Floor, Common Element, another Unit, or any equipment or system serving another Unit or Common Elements, (b) materially increase safety risks or insurance costs for the Building or Unit, or (c) violate the provisions of this Master Deed, the Rules and Regulations or any applicable law or building code.

2.3. DESCRIPTION OF UNITS; SUBDIVISION AND CONSOLIDATION

2.3.1. General Description of Units

A general description of each Unit expressing its area, location and other data necessary for its identification can be found by examining the Floor and Unit Plans attached hereto and incorporated herein by reference. (See Section 2.4.)

2.3.2. Subdividing Units

No greater number of Units may be established by subdividing an existing Unit or conversion of Common Elements unless the subdivision is approved by the Board of Directors, the Co-Owner of the Unit to be subdivided, and any applicable regulatory entities. Unless set

forth in a recordable writing evidencing the approval of any Co-Owners of all Units whose Percentage Interest would be modified by the subdivision, the Units created by subdivision shall have a cumulative Percentage Interest that is the sum of the previous Percentage Interest(s) of the Unit(s) being subdivided. After confirmation of the required approvals, the Board shall cause to be recorded in the Register of Deeds an amendment to this Master Deed amending any applicable provisions of this Master Deed (including any Exhibits). Unless otherwise expressly determined by the Board of Directors, in its sole discretion, any expenses of the Association in creating, approving, and recording such amendment shall be payable by the Co-Owner of the Unit being subdivided. During the period in which the Declarant or its Affiliate has a Controlling Interest, the stated powers of the Board of Directors shall be vested in the Declarant or its Affiliate.

2.3.3. Consolidating Units

A lesser number of Apartments may be established by consolidating two (2) or more existing Apartments into a single Apartment, provided that (i) such consolidation is approved in writing by the Board of Directors, the Co-Owners of the Apartments to be consolidated, and any applicable regulatory entities, (ii) such subdivision is approved or acquiesced by the Co-Owners of any other Apartments whose Percentage Interest would be modified by the subdivision, and (iii) the consolidated Apartment shall have a Percentage Interest that is the sum of the previous Percentage Interests of the Apartments being consolidated into a single Apartment. After confirmation of any required approvals, the Board of Directors shall cause to be recorded in the Register of Deeds an amendment to this Master Deed amending any applicable provisions of this Master Deed (including any Exhibits). The Board of Directors may, in its sole discretion, determine whether any expenses of the Association in creating, approving, and recording such amendment shall be payable by the Co-Owner or Co-Owners of the Apartments being consolidated. During the period in which the Declarant or its Affiliate has a Controlling Interest, the stated powers of the Board of Directors shall be vested in the Declarant or its Affiliate.

2.4. BUILDING PLANS

In accordance with Sections 27-31-100 and 110 of the Act, the following documents, which cumulatively constitute the "Building Plans", are attached hereto and made a part of this Master Deed:

- (a) Plot Plan (Exhibit C).
- (b) Floor Plans and Parking Plan (Exhibit D).
- (c) Unit Plans (Exhibit E).
- (d) Elevations and Building Sections (Exhibit F).
- (e) List of Units and Area (Exhibit G)
- (f) List of Percentage Interests in Common Elements (Exhibit H).

The Plot Plan (Exhibit C) shows the location of the Building and significant improvements and some of the areas that are intended as Common Elements. The Floor Plans (Exhibit D) and Elevations and Building Sections (Exhibit F) show the location of Units within the Building and on each floor, and the location and approximate dimensions of corridors, stairwells, elevators, storage areas, and some areas that are intended as Common Elements or Limited

Common Elements. The Unit Plans (Exhibit E) show the configuration of a particular type of Unit and may show Limited Common Elements assigned to such Unit. The Elevations and Building Sections show the exterior characteristics and vertical dimensions of the Building and the Units. The List of Units and Area (Exhibit G) shows the designation and approximate size of each Unit. The List of Percentage Interests in Common Elements (Exhibit H) shows the Percentage Interest of each Unit in the Common Elements. Whenever square footage or other dimensions are shown on the Building Plans or otherwise referenced in this Master Deed, they are approximate, reflecting such factors as (a) the interior configuration of some Units may differ from that of similar Units as a result of changes made at the request of the Co-Owner, (b) the measurement of square footage or dimensions can vary depending on the measuring technique used (e.g. whether measured from interior, exterior or center of finished or exterior Structural Wall, Structural Floor or Structural Ceiling or some other point) and (c) minor modifications may have been made during the permitting or construction process.

3. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

3.1. COMMON ELEMENTS

Common Elements consist of all the Property other than the Units (see Section 2, above) and any portion of, or interest in, the Property conveyed to utility companies or dedicated for public streets, walks or other purposes. In addition to Common Elements identified as such on the Building Plans, Common Elements include, without limitation, driveways into and out of the Building; streets and walks on the Property prior to any dedication of those portions which become public streets and walks; parking; elevators, lobbies, stairs and stairwells; plantings and irrigation for plantings in or on Common Elements; areas containing mechanical, electrical, communications, safety, alarm, heating and air conditioning, and other equipment serving more than one Unit; trash and recycling areas and storage rooms serving more than one Unit; balconies or lobbies serving more than one Unit; Structural Walls, Structural Ceilings and Structural Floors (as defined in Section 2.2.1), including facia brick, soldier courses, stucco, cast stone, cast stone veneer, and fiber cement panels making up portions of Structural Walls; load-bearing joists, beams, perimeter and supporting walls, columns, and other structural elements; roofs, slabs, footings and foundations; doors, awnings and canopies serving more than one Unit; built-in fixtures, pipes, wiring, conduits, channels, drains, gutters, flashing, parapets, ducts, chases or utility lines and similar elements serving more than one Unit; signage and exterior lighting serving more than one Unit; and personal property and assets of the Association.

3.2. LIMITED COMMON ELEMENTS

3.2.1. Limited Common Elements Generally

Limited Common Elements are not part of a Unit but are Common Elements reserved for the use of one or more, but not all Units. If not clear from the provisions of this Master Deed or the Act whether a Common Element is for use by all Units or is a Limited Common Element, the Board of Directors may so determine, after such consultation with others as it may deem appropriate. If determined to be a Limited Common Element, the Board of Directors shall determine the Unit(s) to which the Limited Common Element is reserved. Such clarification shall be recorded in the minutes of the meeting of Directors at which such determination is made. If

the Board of Directors determines that clarification of the same provision(s) is likely to be needed again in the future, the Board may cause an amendment to this Master Deed to be recorded stating the applicable provisions and the determination of the Board of Directors, including any modified wording of the Master Deed clarifying the provision(s).

3.2.2. Balconies As Limited Common Elements

Balconies are depicted on the Floor and Unit Plans. A balcony that adjoins and is accessible only from a Unit is not part of such Unit, but is a Limited Common Element reserved for use of that Unit. The Co-Owner of the Unit shall be responsible for (i) the maintenance, repair and cleaning of light fixtures on the relevant balcony and doors between the Unit and the balcony (including casings, frames, sliding elements, hardware and screens), (ii) cleaning other glass between the Unit and the balcony, (iii) cleaning the deck and guard rails of the balcony, and (iv) following any reasonable procedures provided by the Association regarding such matters.

3.3. PARKING AND STORAGE SPACES

3.3.1. Parking and Storage in Building

One (1) parking space and one (1) storage space in the Building shall be reserved for use by each Unit as a Limited Common Element in accordance with the Parking Plan shown in **Exhibit D** showing the Unit to which they are assigned. Other Common Element parking spaces and storage spaces in the Building that are not reserved for use by a specific Unit may be designated by the Board of Directors for such uses as the Board of Directors shall determine. The right to use a parking space and storage space that is a Limited Common Element of a Unit shall automatically be conveyed to a successor Co-Owner of the Unit concurrently with the conveyance of title to the Unit.

3.3.2. Rental of Unit Parking Spaces

Parking spaces and storage spaces that are Limited Common Elements may not be rented to any Person other than a Co-Owner or Occupant of a Unit. The Board of Directors shall establish Rules and Regulations governing the term, conditions and procedure pursuant to which a Co-Owner of a Unit may authorize a Co-Owner or Occupant of another Unit to rent or use a parking space or storage space assigned by the Parking Plan; provided, however, that such right to use a parking space or storage space assigned to a specific Unit shall automatically end upon conveyance of the applicable Unit unless expressly approved in writing by the Co-Owner to which the Unit is conveyed.

3.3.2. Parking Outside the Building

Parking spaces outside the Building are Common Elements. The Board of Directors may, in its sole discretion, establish Rules and Regulations governing the use of such parking spaces.

3.4. DISPUTES REGARDING STATUS OR BOUNDARIES

Because of the structural characteristics and arrangement of the Property, disputes may arise regarding issues such as whether a portion of the Property is part of a Unit, a Limited Common Element, or a Common Element. Co-Owners shall attempt to resolve such matters in a fair manner.

If, however, a dispute arises between Co-Owners or between a Co-Owner and the Association as to what portion of the Property constitutes a Unit, Common Element or Limited Common Element, or the proper allocation of any costs or expenses relating to such areas, the Board of Directors shall have the authority to determine the proper designation of the disputed element and the allocation of any costs or expenses involved, after such consultation with others as it may deem appropriate. The determination of the Board of Directors shall be set forth in writing, shall be made in good faith, and shall not be clearly inconsistent with this Master Deed. Such determination shall be recorded in the minutes of the meeting of Directors at which such determination is made. If the Board of Directors determines that clarification of the same provision(s) is likely to be needed again in the future, the Board may cause an amendment to this Master Deed to be recorded stating the applicable provisions and the determination of the Board of Directors, including any modified wording of the Master Deed clarifying the provision(s).

4. REPAIR AND MAINTENANCE.

4.1. UNIT REPAIR, MAINTENANCE AND DECORATION

Units shall be maintained in a good, safe state of repair consistent with applicable codes, this Master Deed, and applicable Rules and Regulations. A Co-Owner shall not allow any action or work that will impair the structural soundness of the Common Elements or another Unit; impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of Common Elements or another Unit, or impair any easement. All maintenance, repairs and replacements to a Unit shall be the responsibility of the Co-Owner of the Unit. Each Co-Owner shall be responsible for all damages to any other Unit or to Common Elements caused by the failure of the Owner to maintain or make timely and appropriate repairs. Except as may be expressly provided in the Governing Documents or the purchase and sale agreement between Declarant and the initial purchaser of the Unit, each Co-Owner shall have the exclusive right and duty to clean, paint, tile, wax, paper, or otherwise decorate or redecorate and to maintain and repair the interior surfaces of the walls, floors, ceilings, and doors forming the boundaries of such Co-Owner's Unit.

4.2. REPAIR OF UNIT BY ASSOCIATION

If, within fourteen (14) days after notice from the Board of Directors (or such longer period as may be authorized by the Board of Directors), a Co-Owner fails to properly maintain, repair or replace any portion of a Unit that (a) is visible from outside the Unit or (b) that, in the opinion of the Board, has caused, or reasonably may cause, damage to any other Unit or the Common Elements, or constitutes a safety hazard, the Board of Directors may, in its sole discretion, cause such portion of the Unit to be replaced, repaired or maintained. If the required maintenance, repair or replacement is of such a nature that more rapid action is required, in the sole opinion of the Board of Directors, then the Board of Directors may elect to waive or shorten the notice requirement. Any expenses incurred by the Association for such maintenance, repair, or replacement shall be a personal obligation of such Co-Owner; and, if the Co-Owner fails to repay the costs incurred by the Association in a timely manner after notice to the Co-Owner of the amount owed and the nature of such costs, then the failure to so repay shall be collectible as a Special Assessment against the Unit and the Co-Owner.

4.3. COMMON ELEMENTS MAINTENANCE AND REPAIR GENERALLY

All maintenance, repairs and replacements to Common Elements shall be made by the Association and be charged to all Units as a Common Expense; provided, however, that this shall exclude any maintenance, repairs and replacements of Limited Common Elements that are expressly made the responsibility of a specific Unit or Units by another provision of this Master Deed. If any maintenance, repair, or replacement of any portion of the Common Elements is required because of the negligent or willful act or omission of an Co-Owner or Occupant of a Unit, then such Co-Owner and/or Occupant shall be responsible for such maintenance, repair, or replacement. Any costs incurred by the Association for such maintenance, repair, or replacement that is not paid by insurance, including any deductible payable by the Association, shall be a personal obligation of such Co-Owner. If a Co-Owner fails to repay the costs incurred by the Association in a timely manner after notice to the Co-Owner of the amount owed and the nature of such costs, then the failure to so repay shall be collectible as a Special Assessment against the Unit and the Co-Owner. The Board of Directors shall have the right to waive, in whole or in part, on such conditions as it may impose, the above provisions if, in its sole opinion, such waiver is justified.

4.4. LIMITED COMMON ELEMENTS MAINTENANCE AND REPAIR

The cost of maintenance, repair, renovation and operation of Limited Common Elements shall be allocated among all Units having an interest in the Limited Common Element in the same proportion that the Percentage Interest of each Unit bears to the cumulative Percentage Interests of all Units having an interest in the Limited Common Element. Any expense incurred by the Association for such maintenance, repair, or replacement that is not paid by insurance, including any deductible payable by the Association, shall be a personal obligation of the Co-Owner(s) having an interest in the Limited Common Element. If a Co-Owner fails to repay the expenses incurred by the Association in a timely manner after notice to the Co-Owner of the amount owed, then the failure to so repay shall be collectible as a Special Assessment against the Unit and the Co-Owner. The Board of Directors shall have the right to waive, in whole or in part, on such conditions as it may impose, the above provisions if, in its sole opinion, such waiver is justified.

5. EASEMENTS AND ENCUMBRANCES.

5.1. EASEMENT FOR ASSOCIATION

The Association and its directors, officers, agents and employees, including, but not limited to, any Management Agent of the Association and its officers, agents and employees, shall have a general right and easement to enter upon the Property in the performance of their respective duties, including, without limitation, the repair, maintenance and replacement of Common Elements. Except in situations that may then reasonably be thought to be emergencies or situations in which access may be needed to prevent damage to property or persons, this easement shall be exercised only during normal business hours and then, whenever feasible, only upon advance notice to the Co-Owner directly affected thereby.

5.2. EASEMENT FOR DECLARANT

Declarant, its successors and assigns, shall have an alienable and transferable right and

easement on, over, through, under, and across the Property for the purposes of (a) constructing, installing, maintaining, repairing and replacing portions of the Property, (b) storing materials, (c) granting to public utilities serving the Property the right to lay, construct, renew, operate and maintain conduits, cables, pipes, electrical wiring, transformers and switching apparatus and other equipment, including housings for such equipment, into, over, under, along, and through the Common Elements for the purpose of providing utility services to the Property or any other property, together with reasonable rights of ingress to and egress from the Property for such purpose; and (d) making such other uses of the Property as may be reasonably necessary or incident to the construction, marketing, sale, rental and management of Units, Limited Common Elements and Common Elements, including, but not limited to, construction trailers, temporary construction offices, sales and rental offices, management offices, model residences, directional and marketing signs, and use of the clubhouse or Units owned or rented by the Declarant; provided, however, that such rights shall not unreasonably interfere with the occupancy, use or enjoyment of a Unit by its Co-Owner or Occupants. Except in situations that may then reasonably be thought to be emergencies or situations in which access is needed to prevent damage to the Property, or unless otherwise expressly approved by the Co-Owner materially and directly affected thereby, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to any Co-Owner directly affected thereby. The exercise of such right and easement by Persons other than Declarant shall be undertaken only with the express approval of the Declarant. The Declarant shall have a transferable, perpetual power and authority to grant and accept easements to and from any private entity or public authority, agency, public service district, public or private utility or other Person, upon, over, under and across the Common Elements and Limited Common Elements, for constructing, installing, maintaining, repairing, inspecting and replacing television antennae or television cable systems, data transmission systems, security and similar systems, landscaping, walkways, lighting, and all utility facilities and services, including, but not limited to, storm water, sanitary sewer, electrical, gas, telephone, water and sewer lines and systems. The rights of the Declarant hereunder shall automatically be assigned to the Association upon conveyance by the Declarant of the last Unit to another Person, other than a mortgagee or Affiliate of Declarant, or such earlier time as Declarant records a supplement to the Master Deed relinquishing its rights under this Master Deed or this section.

5.3. EASEMENT FOR REPAIR, MAINTENANCE AND EMERGENCIES

Some Common Elements may be located within a Unit or may be conveniently accessible only through a Unit. The Co-Owner of other Units and the Association shall have an irrevocable easement, to be exercised by the Association as the Co-Owner's agent, to have reasonable access to each Unit and to all Common Elements from time to time for the maintenance, repair, removal, or replacement of any of the Common Elements therein or accessible therefrom or for making repairs therein necessary to prevent damage to the Common Elements or any Unit or injury to any Person. Except in a situation that is then reasonably thought to be an emergency or a situation in which access is then reasonably thought to be needed to prevent damage to the Property or injury to any Person, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Co-Owner of the Unit(s) directly affected thereby. The Person requiring access to a Unit shall be responsible for damage to the Unit caused by such Person.

5.4. EASEMENTS FOR ENCROACHMENTS

The Property is subject to the following easements for encroachments between Units and the Common Elements:

5.4.1. In favor of all Co-Owners so that they shall have no legal liability if any part of the Common Elements or Limited Common Elements encroaches upon a Unit or other Common Elements or Limited Common Elements;

5.4.2. In favor of all Co-Owners so that they shall have no legal liability if any part of such Owner's Unit encroaches upon the Common Elements or upon another Unit; and

5.4.3. In favor of all Co-Owners, the Association, the Declarant, and the Co-Owner of any encroaching Unit for the maintenance and repair of such encroachments.

Encroachments referred to this Section include, but are not limited to, encroachments caused by error, omission or variance from the original plans in the construction of the Common Elements, Limited Common Elements or any Unit; by error in the Plans or this Master Deed; by settling, rising, or shifting of the earth; or by changes in position caused by repair or reconstruction of any part of the Common Elements, or Limited Common Elements or any Unit in substantial conformity to the Plans.

5.5. PRIOR RECORDED EASEMENTS AND ENCUMBRANCES

The Property shall be subject to any easements, covenants and unreleased encumbrances shown or referenced on any prior recorded plat of the Property or other recorded document shown, referenced or defined in this Master Deed.

5.6. GOVERNMENTAL EASEMENT

Police, fire, water, health and other authorized governmental officials, employees and vehicles shall have the right of ingress and egress to the Property, and any portion thereof, for the performance of their official duties, to the extent permitted by applicable law and any Rules and Regulations not contrary to applicable law that are adopted by the Board of Directors.

5.7. NO VIEW EASEMENT

No view easement, express or implied, is or will be granted to any Co-Owner in connection with the conveyance of a Unit to such Co-Owner.

6. PERCENTAGE INTERESTS.

For purpose of determining the total Percentage Interests, the Percentage Interest of each Unit and the percentages for purposes of voting on all matters requiring a vote by Owners, the Percentage Interests shall be as stated in Exhibit H. Pursuant to the Act, the Percentage Interests shall not be altered without the acquiescence of the Co-owners representing all the Units. (See Section 14.).

7. ASSOCIATION; ADMINISTRATION; VOTING.

7.1. THE ASSOCIATION; BOARD OF DIRECTORS; BYLAWS

7.1.1. Association and Board of Directors

The Association has been formed in order to provide for the effective administration of the Regime by the Co-Owners. The Association shall operate and manage the Regime and undertake and perform all acts and duties incident thereto in accordance with the provisions of this Master Deed, the Bylaws, and the Rules and Regulations promulgated by the Association from time to time. The Board of Directors of the Association shall have authority to take all actions on behalf of the Association that do not require, by law, this Master Deed, or the Bylaws, the vote of a specified number of Co-Owners, and the decision of the Board of Directors shall be binding upon the Association and the Owners.

7.1.2. Bylaws

A copy of the initial Bylaws is annexed hereto and made a part hereof as Exhibit B. In the event of any obvious conflict of the Bylaws and this Master Deed, the provisions of this Master Deed shall govern.

7.2. MEMBERSHIP

The Co-Owner of each Unit shall automatically be a member of the Association upon acquiring an ownership interest in a Unit. Membership in the Association shall be appurtenant to and not separable from ownership of a Unit. The membership of an Co-Owner shall terminate automatically upon conveyance of title to the Unit previously owned by such Co-Owner, regardless of the means by which such conveyance of title occurs. No Person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled solely by virtue of such lien, mortgage or other encumbrance to membership in the Association or to any of the rights or privileges of such membership.

7.3. VOTING

The Co-Owner of a Unit shall have the right to cast the number of votes attributable to the Percentage Interest of such Unit. The Bylaws shall define the procedure for conducting meetings, voting and determining which Person has the right to vote for a Co-Owner. Votes may be cast in person or by written proxy at all meetings of the Association. The holder of a proxy need not be a Co-Owner. Unless a different number, and not less than a Majority of Co-Owners, is specified in this Master Deed or in the Bylaws, all actions requiring approval by Co-Owners shall require approval of a Majority of Co-Owners. Cumulative voting is prohibited.

7.4. RULES AND REGULATIONS

The Board of Directors shall have authority to adopt, amend or supplement Rules and Regulations from time to time governing the use, administration and operation of the Property, subject to the terms of this Master Deed and the Bylaws. Rules and Regulations shall not be in clear conflict with the Articles, this Master Deed, the Bylaws or applicable law. Rules and Regulations and amendment thereto do not have to be recorded in order to be valid, but the initial Rules and

Regulations are set forth in Exhibit I attached hereto and incorporated herein by reference.

7.5. EMPLOYEES; MANAGEMENT AGENT AND AGREEMENT

The Board of Directors may employ and dismiss Persons on behalf of the Association and/or select a Management Agent or Agents, each of which shall have such authority and shall receive such compensation as is set forth in writing and approved by the Board of Directors. The Declarant or an Affiliate of Declarant may serve as Management Agent. A copy of any agreement between the Association and the Management Agent shall be provided to any Owner upon written request to the Board of Directors, provided that the Association may charge a reasonable fee for any costs of reproduction, postage or personnel incurred. No management agreement shall be for a term longer than three (3) years, provided that a management agreement may provide for automatic extension for additional terms of not more than three (3) years unless either party notifies the other party within a defined period prior to the expiration of the then-existing term that it wishes to terminate the management agreement or re-negotiate the agreement.

7.6. INDEMNIFICATION

The Declarant, Board of Directors, officers of the Association, and such employees and agents of the Association and/or the Management Agent as the Board of Directors shall specify by written resolution from time-to-time (cumulatively, "Non-Liable Persons"), shall not be liable to the Co-Owners or the Association for any mistake in judgment or acts or omissions unless such act or omission was made in bad faith or was the result of gross negligence or fraud by such Person. The Association shall indemnify and hold harmless such Non-Liable Persons against all liabilities to others arising out of any agreement made by such Non-Liable Persons on behalf of the Association unless such agreement was made in bad faith, was the result of gross negligence or fraud by such Non-Liable Person, or was in clear violation of a contractual obligation of such Non-Liable Person to the Association.

7.7. BOOKS AND RECORDS

Current financial records of the Association and minutes of meetings of the Board shall be available for inspection by a Co-Owner or any agent authorized in writing by a Co-Owner, at the offices of the Association or such other location in Beaufort County as may be designated by the Association. The inspection shall occur at reasonable times during normal business hours. The Association shall have the right to require written notice of the particular records to be inspected not more than five (5) business days prior to the inspection date (or such longer period as may be reasonable if the records sought are not readily available). The inspection shall be scheduled and conducted in such a manner that the operations of the Association and any Person having such records are not unduly disrupted and the safety, integrity, and any required confidentiality of the records are ensured. The Association may charge a reasonable fee to cover the reproduction, postage and administrative expenses incurred by the Association as a result of an inspection and may require that such fee be paid prior to inspection.

8. INSURANCE.

8.1. TYPES OF INSURANCE

The Board of Directors shall endeavor to obtain insurance coverage, in such amounts and with such deductibles as it shall reasonably determine, for the Property (including the Units), other property of the Association, and the activities of the Association, to cover the insurable interests of the Owners, the Association and their mortgagees therein, and the directors, officers, employees and agents, if any, of the Association. Such coverage shall exclude personal property of a Co-Owner (see Section 8.3), but the Association may provide information to Co-Owners regarding coverage that is available for such personal property. The insurance coverage that the Association shall endeavor to obtain shall include:

(i) loss or damage by fire, flood, earthquake or other casualty covered by standard extended coverage policies, based upon current replacement cost;

(ii) risks to the Property, such as vandalism, theft and malicious mischief;

(iii) comprehensive general public liability and, if applicable, automobile liability coverage, covering losses or damages resulting from accident or occurrences on or about the Property;

(iv) any coverage mandated by law or regulation, including, without limitation, worker's compensation coverage;

(v) fidelity insurance covering any person having access to or control over any substantial funds of the Association;

(vi) officers and directors, providing coverage against claims brought against the Board of Directors or any administrator or officer of the Association acting in such capacity; and for

(vii) such other insurance as the Association shall determine to be reasonable and desirable from time to time.

8.2. OTHER INSURANCE CRITERIA

The insurance coverage obtained by the Association shall, if feasible, provide that:

(i) the interest of the insured parties shall not be invalidated by any act or neglect of any Co-Owner, Management Agent, or any officer or member of the Board of Directors of the Association;

(ii) the coverage shall not be terminated for non-payment of premiums without at least thirty (30) days' prior written notice to the Association;

(iii) subrogation shall be waived by the insurer with respect to the Association and its Board of Directors, employees and agents, and with respect to Co-Owners, members of their families or household, and mortgagees;

(iv) each Co-Owner is an insured person under the policy with respect to liability arising out of such Co-Owner's interest in the Common Elements or membership in the Association; and

(v) if, at the time of a loss under the policy, there is other insurance in the name of a Co-Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

8.3. COLLECTION OF PREMIUMS FOR UNIT PROPERTY INSURANCE

Because consistent property insurance coverage for Units is essential as a result of their structural relationship and problems could ensue for other Co-Owners and the Association if a Co-Owner failed to properly insure the Co-Owner's Unit, insurance premiums for the coverage set forth in Section 8.1 shall be a Common Expense of the Association, except as set forth below. If an insurer requires or recommends (and the Board concurs with such recommendation) that coverage for the property value of a Unit or personal property of an Co-Owner within a Unit or insurable events occurring within a Unit shall be in the name of the Association, rather than in the name of separate Co-Owners, then premiums for such coverage shall (a) be allocated among Units in the same manner as the insurer determines to be reasonably allocable to each Unit or reasonably allocable to different types of Units. If the insurer does not allocate such premiums by Unit, the premiums shall (a) be allocated among Units based on each Unit's Percentage Interest and (b) be collected as part of the Regular Assessment or as a Special Assessment against the applicable Unit pursuant to Section 12, below, as the Board of Directors shall determine. No Co-Owner may elect not to pay its share of the insurance obtained by the Association.

8.4. INSURANCE BY OWNERS

Each Co-Owner, at such Co-Owner's expense, shall obtain such insurance as the Co-Owner determines is desirable for (a) furnishings and other personal property in the Unit or in or on Limited Common Elements reserved for the use of such Co-Owner, (b) liability insurance covering insurable events occurring within the Unit of such Co-Owner, or Limited Common Elements reserved for the use of such Co-Owner (unless the insurance obtained by the Association provides coverage for events occurring within the Unit or Limited Common Elements reserved for the use of such Co-Owner), and (c) such other insurance coverage in relation to the Co-Owner's Unit or Limited Common Elements reserved for the use of such Co-Owner, as the Co-Owner determines is desirable, including property coverage for any improvements to the Unit made by the Owner or a predecessor Co-Owner that causes such Unit to differ from standard Units of a similar type. If approved by the Board of Directors, the Association may collect and pay premiums for such insurance as a Special Assessment against the applicable Unit(s), pursuant to Section 12.3. The existence of such insurance coverage is not intended to affect or replace any insurance coverage obtained by the Association or give the Co-Owner the right to refuse to pay such Co-Owner's share of the premium for the insurance obtained by the Association, or cause the diminution or termination of such coverage obtained by the Association, or result in apportionment of insurance proceeds as between policies of insurance of the Association and the Co-Owner. A Co-Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of the non-existence of insurance coverage required from the Co-Owner, and

the Association shall be entitled to collect the amount of such diminution from the Co-Owner as if the amount were a Special Assessment. Any insurance obtained by an Co-Owner shall include a provision waiving the insurance company's right of subrogation against the Association and other Owners.

8.5. INSURANCE TRUSTEE

In the event of a casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid to an Insurance Trustee. The Board of Directors may, at its discretion and from time to time, serve as Insurance Trustee or decline to serve as Insurance Trustee. If the Board of Directors determines not to serve as Insurance Trustee, it may appoint in its place, for such term as the Board of Directors determines, any bank, trust company or South Carolina attorney or law firm, certified public accountant, or other Person authorized by law to act as trustee, agent or depository, for the purpose of receiving or distributing any insurance proceeds (the "Insurance Trustee"). If so, the Board of Directors may delegate to the Insurance Trustee any powers or duties of the Association set forth in this Section 8. The Insurance Trustee shall not be liable for payment of premiums, the renewal or sufficiency of the policies, or failure to collect any insurance proceeds. The fees and reasonable expenses of the Insurance Trustee shall be a Common Expense.

8.6. USE OF PROCEEDS IF DAMAGE TO UNITS ONLY

If a loss occurs only to a Unit, without any loss to Common Elements, the Co-Owner and any mortgagee of such Unit shall use the net proceeds of any insurance of the Association (after payment of any expenses of the Association in collecting the insurance proceeds) to effect necessary repairs to the Unit. The Co-Owner shall obtain estimates and/or bids for the cost of repairing and reconstructing the damaged Unit. The Co-Owner shall provide adequate information to the Association to confirm the cost of repairing and reconstructing the damaged Unit, the existence of a valid contract to repair and reconstruct the damaged Unit, and that the net insurance proceeds are sufficient to pay for the same. The Association shall disburse the net insurance proceeds received (after any deductible payable by the Association and, if so, determined by the Board of Directors, after payment of any expenses of the Association in collecting the insurance proceeds) because of the loss directly to the Co-Owner of the damaged Unit(s) pursuant to such procedures as the Board of Directors shall reasonably determine. Because of the problems that could ensue for other Co-Owners and the Association if a Co-Owner failed to properly repair or reconstruct the Co-Owner's Unit, if the net insurance proceeds are not sufficient to pay the cost of the repair of the damaged Unit, the Board of Directors may, in its sole discretion, subject the damaged Unit to a Special Assessment for the remaining funds necessary to repair the Unit.

8.7. USE OF PROCEEDS IF DAMAGE TO COMMON ELEMENTS ONLY

If loss occurs only to Common Elements (including Limited Common Elements), the Board of Directors or Insurance Trustee shall obtain estimates and/or bids for the cost of repairing and reconstructing the damaged Common Elements and determine whether insurance proceeds (after payment of any expenses of the Association in collecting the insurance proceeds) are sufficient to pay for the same. If the insurance proceeds (after any deductible payable by the Association and, if so determined by the Board of Directors, any payment of any expenses of the Association in collecting the insurance proceeds) are insufficient to pay the cost of the repair and reconstruction, the Board of Directors may, in its sole discretion, impose a Special Assessment

on all Units to provide for the remaining funds necessary to repair or reconstruct the Common Elements. If this Master Deed provides that specific Units are solely responsible for maintenance, repair and replacement of certain Limited Common Elements serving such Units, the Board of Directors may, in its sole discretion, impose a Special Assessment on such Units to provide for the remaining funds necessary to repair or reconstruct the Limited Common Elements. The Board of Directors shall then promptly contract for the necessary repairs to, or reconstruction of, the Common Elements.

8.8. PROCEEDS USE IF DAMAGE TO UNITS AND COMMON ELEMENTS

Because of the administrative and construction coordination complications that can occur if a loss occurs to both Units and Common Elements (including Limited Common Elements), the Board of Directors may determine that all net insurance proceeds received as a result of such loss (and, if so determined by the Board of Directors, after payment of any expenses of the Association in collecting the insurance proceeds) shall be delivered to the Association or Insurance Trustee. The Board of Directors or Insurance Trustee shall obtain estimates and/or bids for the cost of rebuilding and reconstructing the damaged Property and determine whether net insurance proceeds are sufficient to pay for the same. Because of the problems that could ensue for other Co-Owners and the Association if a Co-Owner failed to properly repair or reconstruct the Co-Owner's Unit, if the net insurance proceeds are insufficient to pay the cost of the repair of the damaged Units, the Board of Directors may, in its sole discretion, subject the damaged Units to a Special Assessment for the remaining funds necessary to repair the Units. If the net insurance proceeds are insufficient to pay the cost of the repair and reconstruction of the damaged Common Elements, the Board of Directors may, in its sole discretion, impose a Special Assessment on all Units to provide for the remaining funds necessary to repair or reconstruct the Common Elements. If this Master Deed provides that specific Units are solely responsible for maintenance, repair and replacement of certain Limited Common Elements serving such Units, and the net insurance proceeds are insufficient to pay the cost of the repair and reconstruction of the damaged Limited Common Elements, the Board of Directors may, in its sole discretion, impose a Special Assessment on such Units to provide for the remaining funds necessary to repair or reconstruct the Limited Common Elements. The Association shall then promptly contract for the necessary repairs and reconstruction of the Common Elements and the damaged Units as soon as feasible. If, however, in the sole opinion of the Board of Directors, the necessary repairs to the damaged Units can be accomplished without adversely affecting other Co-Owners or the Common Elements, and the Co-Owners of the damaged Units comply with Section 8.6, above, then the Association may allow the Co-Owners of the damaged Units to contract directly for the repair of the Units. In such event, the Co-Owners or mortgagees of the damaged Units shall apply the applicable net insurance proceeds and any applicable Special Assessment to effect necessary repair and restoration to the Units.

8.9. USE OF EXCESS PROCEEDS

If designated funds of the Association remain after completion of repairs and reconstruction and payment of any Insurance Trustee's fees and other fees or costs, such designated funds shall be distributed (i) first, to the Co-Owners who paid Special Assessments for repair and reconstruction in the same proportion as their Special Assessment bears to all Special Assessments for repair and reconstruction, until all Special Assessments (and such imputed interest thereon, if any, as the Board

of Directors determines is appropriate and reasonable) have been repaid, (ii) second, to such reserves of the Association as the Board of Directors shall determine is reasonable, and (iii) third, to the Co-Owners in proportion to their Percentage Interests.

8.10. WHEN REPAIR OR RECONSTRUCTION NOT REQUIRED

In accordance with Section 27-31-250 of the Act, repair or reconstruction is not mandatory if (i) repair or replacement is illegal under a state statute or local health ordinance; or (ii) eighty percent (80%) of the Co-Owners, including the owner of a Unit which is not to be rebuilt, vote not to rebuild (unless the Bylaws expressly require a vote percentage greater, but not less than, eighty percent (80%) of the Co-Owners). The cost of repair or replacement in excess of insurance proceeds and reserve shall be a Common Expense. If the entire property is not repaired or replaced, the insurance proceeds: (a) attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the property; (b) attributable to Units and Limited Common Elements that are not rebuilt must be distributed to the Co-Owners of those Units and to the Co-Owners of those Units to which Limited Common Elements were allocated, or to the lienholders, as their interests may appear; and (c) remaining must be distributed to all of the Co-Owners or lienholders, as their interests may appear, in proportion to their respective Percentage Interests. If the Co-Owners vote not to rebuild a Unit, that Unit's Percentage Interest must be reallocated automatically upon the vote and the Regime promptly shall prepare, execute, and record an amendment to this Master Deed reflecting the reallocations of Percentage Interests.

8.11. CONTRACT ADMINISTRATION DURING RECONSTRUCTION

The Board of Directors, Insurance Trustee and Co-Owners shall endeavor to require all substantial contractors, suppliers and providers of services during repair and reconstruction to deliver recordable waivers of mechanics liens on the Property and improvements on the Property and execute any affidavit required by law or reasonably required by the Board of Directors or any insurer of the Property and improvements on the Property.

8.12. LIMITED RIGHTS OF MORTGAGEES

No mortgagee shall have any right to participate in the determination of whether any portion of the Property is to be rebuilt, nor shall any mortgagee have the right to require that insurance proceeds be used to repay its loan, except in accordance with this Section 8. Notwithstanding, any holder, insurer or guarantor of the mortgage on a Unit (a "Mortgagee") that has provided to the Association the information required by Section 10.5, below, shall have the right to receive, upon written request, written notice from the Association of (a) any condemnation or casualty loss that substantially and adversely affects either a material portion of the Property subject to this Master Deed or the Unit securing the mortgage of such Mortgagee; (b) any delinquency exceeding 90 days in the payment of substantial Assessments or charges owed to the Association by the Co-Owner of the Unit securing the mortgage of such Mortgagee; (c) a lapse, cancellation or material and adverse modification of any insurance policy maintained by the Association relating to the Unit securing the mortgage of such Mortgagee; and (d) any proposed action that requires the consent or approval of a specified percentage of Mortgagees. The Board of Directors may subject a Unit to a Special Assessment to cover any costs reasonably incurred by the Association in providing such information to a Mortgagee for that Unit.

8.13. ATTORNEY-IN-FACT FOR CO-OWNER

Each Co-Owner irrevocably constitutes and appoints the Board of Directors and any Insurance Trustee, or either of them, as such Co-Owner's true and lawful attorney-in-fact for the purpose of dealing with any matters relating to the Unit of the Co-Owner and arising under this Section 8. As attorney-in-fact, the Board of Directors and any Insurance Trustee, or either of them, may execute all documents with respect to the interest of the Co-Owner that may be necessary or appropriate to the powers granted hereby.

9. CONDEMNATION.

9.1. IF RESTORATION WILL OCCUR

If the Property or any part thereof shall be taken or condemned by any authority having a power of eminent domain, any compensation therefor shall be payable to the Association or such bank, trust company or law firm authorized to do business in South Carolina as the Board of Directors shall designate as Trustee for all Co-Owners and mortgagees affected thereby, according to the loss or damages to the Common Elements and the Units. To the extent deemed feasible by the Board of Directors, such proceeds shall be used by the Association to restore or replace the condemned Property on the remaining Property. In so doing, the Association shall follow the concepts and procedures set forth in the preceding Section 8, as applicable.

9.2. IF RESTORATION WILL NOT OCCUR

If the Board of Directors determines that such restoration or replacement is impracticable, the Board of Directors or Insurance Trustee shall, with the net proceeds received from such condemnation or taking, remove all necessary remains of such improvements so taken or condemned, restore the remaining Property affected to good and orderly condition, and, after retention of any reserves that the Board of Directors determines is appropriate, equitably distribute any remaining proceeds from the condemnation or taking to the Association or Co-Owners affected thereby. In so doing, the following principles shall apply:

9.2.1. The total amount allocated to a taking of or injury to the Common Elements shall be apportioned among Owners on the basis of each Owner's Percentage Interest in the Common Elements.

9.2.2. The respective amounts allocated to the taking of or injury to a particular Unit shall be apportioned to the Owner of that Unit.

9.2.3. The total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board of Directors determines to be equitable.

10. MISCELLANEOUS.

10.1. UNIT MORTGAGES

Each Co-Owner shall have the right, subject to the provisions hereof, to make a separate

mortgage or encumbrance on his Unit. No Co-Owner shall have the right to make or create, or cause to be made or created, any mortgage, encumbrance or other lien on or materially adversely affecting the Property or other Units.

10.2. REAL ESTATE TAXES

It is intended that real estate taxes, assessments, and other charges of any taxing or assessing authority shall be separately assessed against each Unit and the Unit's Percentage Interest in the Common Elements. If such taxes, assessments or charges are taxed on the Property as a whole, then each Co-Owner shall pay its proportionate share thereof in accordance with the Unit's respective Percentage Interest. In such instance, the Board of Directors shall endeavor to determine the amount due and notify each Co-Owner as to the real estate taxes payable for such Unit. No forfeiture or sale of the Property as a whole for delinquent taxes, assessments, or charges shall ever divest or in any way affect the title to an individual Unit so long as the applicable tax, assessment, or charge on the Unit is currently paid in a timely manner

10.3. NO INTERVAL OWNERSHIP; LIMIT ON RENTAL TERM

Units shall not be divided into or operated as "timeshares" or interval ownership segments. Units shall not be rented for a period of less than one year; provided, however, if a Unit requires renovation, maintenance or repairs that reasonably preclude a rental term of at least one year, the Board of Directors, in its sole discretion, may authorize a rental period of less than one year, with such additional conditions as the Board of Directors shall determine.

10.4. NOTICE OF CONVEYANCE OF UNIT

If a Co-Owner sells or otherwise conveys a Unit, the conveying Co-Owner shall, within ten (10) Business Days after such conveyance, cause to be furnished to the Association, in writing, the name, address and telephone number (and, if known, the internet address) of the Person to whom the Unit is being conveyed and the forwarding address, telephone number and internet address of the conveying Co-Owner. The Association may require a transferor or transferee Owner to provide to the Association a copy of the recorded deed or other instrument by which the Unit was conveyed. When any Person receives title to a Unit by Association or inheritance, or by any other method not heretofore considered, it shall be the responsibility of the Person acquiring title to notify the Association that such transfer has occurred and to provide the information set forth above. If an Owner or Person fails to provide the information required above, the Association shall have authority, but not an obligation, to obtain such information from other sources, in which event the Co-Owner or Person failing to provide the information shall be liable to the Association for all expenses incurred in obtaining such information.

10.5. SECURITY SYSTEMS

Declarant and the Association reserve the right, but not the obligation, to install access control devices at driveway entrances and exits to and from the Property, such as, without limitation, manually or electronically activated gates or barriers, and to install, or authorize the installation of, security enhancement devices such as, without limitation, cameras, motion-activated lights, electronically activated entry doors, etc. Declarant makes no representation regarding the effectiveness of any such devices and assumes no responsibility if such devices fail to function properly.

10.6. MASTER TELECOMMUNICATIONS SYSTEMS

Declarant and the Association reserve the right, but not the obligation, to (a) install cable, internet or similar telecommunications systems serving some or all of the Units, and (b) to determine the extent to which charges for use of such systems are Common Expenses of the Association or expenses of specific Co-Owners.

11. NOTICES.

11.1. NOTICE PROCEDURE

Whenever notice is required or permitted under the terms of this Master Deed, it shall be in writing and (a) personally delivered or (b) sent postage or delivery charges prepaid either (i) by United States mail, certified, return receipt requested, in which case notice shall be deemed to occur on the certified date of delivery or, if delivered to the correct address, rejection of delivery or (ii) if within the United States, by First Class or Priority United States mail, in which case notice shall be deemed to occur four (4) calendar days after date of postmark, or (iii) by any dependable delivery service that provides evidence of delivery, in which case notice shall be deemed to occur on the certified date of delivery or, if delivered to the correct address, rejection of delivery. Notices by other methods, such as facsimile or e-mail transmission, shall be valid if the recipient thereof acknowledges receipt in writing (which shall not include electronic confirmation of delivery), in which case notice shall be deemed to occur on the date of acknowledgement of receipt or such earlier date as is confirmed in the acknowledgement.

11.2. ADDRESSES

Notices to Owners shall be delivered or sent to such address as has been provided , in writing, from time to time, by the Owner to the Association, or if no address has been so provided to the Association or no current address is known, then at the address of the Owner of the Unit on the property tax records of Charleston County, South Carolina.

Notices to Declarant shall be delivered to:

The Charles, LLC
212 Cooper River Drive
Charleston, South Carolina 29464

or to such other address as has been provided by the Declarant, in writing, from time to time, to the Owners or the Association. Notices to the Declarant may also be delivered to the registered agent of the Declarant in South Carolina, or to any other address that would constitute a valid address for service of process.

Notices to the Regime or the Association shall be delivered to:

The Charles Association, Inc.
c/o IMC Resort Services, Inc.
2 Corpus Christi, Suite 302

Hilton Head Island, South Carolina 29928

The Board of Directors of the Association shall have the authority to file an amendment to this Master Deed changing the above address of the Association without the necessity of complying with the amendment provisions set forth in Section 14.1.

Notices to the Regime or the Association may also be delivered to the registered agent of the Association in South Carolina, or to any other address that would constitute a valid address for service of process.

Notices to mortgagees shall be delivered or sent to such address as has been provided, in writing, from time to time, to the Association, or to any other address that would constitute a valid address for service of process.

12. ASSESSMENTS AND OTHER PAYMENTS.

12.1. PURPOSE OF ASSESSMENTS

The Assessments shall be used to accomplish the provisions set forth in this Master Deed and to and pay Association expenses, including, without limitation, the improvement, maintenance and repair of the Property; the administration of the affairs of the Association; and establishment of reasonable reserves.

12.2. REGULAR ASSESSMENTS AND BUDGET

12.2.1. Fiscal Year

The fiscal year of the Association shall be the calendar year.

12.2.2. Annual Budget

Unless otherwise determined by the Board of Directors, the Board of Directors shall prepare or cause to be prepared by December 1 an operating budget (the "Budget") for the next fiscal year setting forth the estimated Common Expenses and anticipated revenues of the Association for such fiscal year, and any projected deficit or surplus from the preceding fiscal year. Notwithstanding, no later than one (1) month after recordation of this Master Deed the Board of Directors shall prepare or cause to be prepared the initial Budget for the balance of the fiscal year remaining after recordation of this Master Deed. The Budget approved by the Board of Directors shall serve as the basis for Regular Assessments to all Co-Owners (the "Total Assessments") for such fiscal year and the primary guideline under which the Association is projected to operate during such fiscal year. Beginning with the first full fiscal year after the Declarant no longer has a Controlling Interest, the Board of Directors shall submit to Co-Owners for review a proposed Budget for such fiscal year and a Budget shall be adopted upon approval by Co-Owners having more than fifty percent of the cumulative Percentage Interests. If the Association fails to adopt a Budget for any fiscal year, then until such time as a Budget is adopted, the Budget and Total Assessments in effect for the current year shall automatically be increased effective the first day of the fiscal year in the same proportion as any percentage increase during the current Year over the preceding Year, in the Consumer Index, all Urban Consumers, United States City Average, All

Items (the "CPI") or its successor index, as determined by the Board of Directors. In order to provide time to determine any applicable increase, the "Year" for determining the CPI shall be measured from October 1 through the following September 30. Such adjusted Budget shall be the Budget for the succeeding year or until a new Budget is adopted. The Association shall provide to each Co-Owner a copy of the Budget for the forthcoming fiscal year and a statement of the amount of the projected Assessments payable by such Owner for the fiscal year.

12.2.3. Elements of Budget; Common Expenses

The Budget and the Assessments shall be based upon annual estimates by the Board of Directors of the Association's revenues and expenses and costs arising out of or connected with the use, maintenance and operation of the Common Elements and the operation of the Association. Such estimated expenses and costs may include, without limitation, expenses of management, including compensation of any Management Agent; taxes and assessments on Common Elements; insurance premiums; repairs and maintenance; wages and personnel expenses for Association employees; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of one or more reasonable contingency reserves and/or sinking funds for existing or anticipated expenses or costs of the Association (including, without limitation, adequate reserves for periodic maintenance, repair and replacement); any principal and interest payments due for debts of the Association; and any other expenses, costs and existing or projected liabilities that may be incurred by the Association. Such expenses and costs shall constitute the Common Expenses.

12.2.4. Apportioning Assessments; Operating Deficits Payable by Declarant

Except as expressly stated in this Master Deed, the Co-Owner of each Unit for which a certificate of occupancy or completion has been issued by the applicable regulatory entity shall pay that percentage of the budgeted Regular Assessments as such Unit's Percentage Interest bears to all Percentage Interests. Until such time as the Declarant no longer has a Controlling Interest, the Declarant shall advance to the Association any additional funds required to offset any shortfall in collection of Regular Assessment revenues for such period as compared to budgeted Regular Assessment revenues for such period.

12.2.5. When Regular Assessments Are Payable

Unless the Board of Directors elects a different payment period, the Regular Assessments shall be due and payable quarterly, prior to the first day of the first month of the calendar quarter to which they apply. After a Co-Owner has been notified of the amount of the periodic Regular Assessment, no further notice of the Regular Assessment due shall be required. At the initial conveyance of a Unit by the Declarant, the amount payable by the Unit Co-Owner shall be prorated based on the amount applicable to the balance of the current calendar quarter

12.3. SPECIAL ASSESSMENTS

12.3.1. Special Assessments by Board of Directors

(a) In addition to the Regular Assessments authorized above, the Board of Directors may levy Special Assessments that do not exceed twenty-five percent (25%) of the Budget for the previous year and are applicable to no more than a three (3) year period to cover costs such as an uninsured loss of claim, any deductible amount if there is an insured loss or claim,

and unbudgeted costs or expenses of any construction, reconstruction, repair, demolishing, replacement, renovation or maintenance of the Common Elements. Except as set forth in paragraph (b), Special Assessments shall be allocated among Units in the same manner as Regular Assessments.

(b) The Board of Directors may levy a Special Assessment against a particular Unit (i) to cover the costs of providing services to or on behalf of a particular Unit or Co-Owner of such Unit at the request of such Co-Owner or (ii) to cover costs resulting from the failure of the Co-Owner or Occupants of the Unit, their agents, guests, invitees or licensees, to execute any responsibility they may have under the Governing Documents.

12.3.2. Other Special Assessments by Co-Owner Approval

Any other Special Assessment that applies to all Units and is not authorized by Subsection 12.3.1 shall be approved by a Majority of the Co-Owners, as defined in Section 1. Meetings or votes of Co-Owners for the special purpose of considering a Special Assessment shall be held only after notice by the Association to the Co-Owners of the Units, in accordance with the notice procedure set forth in the Bylaws. The meeting or vote shall occur no earlier than the date specified in the Bylaws for a special meeting of the Association. The notice shall state generally the purpose and amount of the proposed Special Assessment.

12.3.3. When Special Assessments Are Payable

Special Assessments shall be payable by the date determined by the Board of Directors, but no earlier than fourteen (14) days after notice of such Assessment shall have been given to the Co-Owner in accordance with the notice procedure set forth the Bylaws.

12.4. WORKING CAPITAL ACCOUNT ASSESSMENT

In order to provide the Association with adequate working capital funds, the Association shall collect from the transferee at the time of sale or conveyance of each Unit an amount equal to one sixth (1/6) of the annual Regular Assessment for such Unit in effect at the time of the sale or conveyance (the "Working Capital Assessment"). Such payments shall not be considered advance payments of regular Assessments. The Association shall place the working capital funds in a reserve account to meet unforeseen expenditures or to acquire additional equipment or services for the benefit of the Association. This provision shall not apply to any sale or conveyance that is exempt from recording fees for value pursuant to Section 12-24-10 et seq. of the 1976 Code of Laws of South Carolina, or any amendment thereto.

12.5. EFFECT OF NON-PAYMENT OF ASSESSMENTS

Any Assessment (including any Regular Assessment, Special Assessment or Working Capital Assessment) that is not paid to the Association when due shall be delinquent. The Board of Directors may levy a "late charge" not to exceed the greater of \$100 or five percent (5%) of the amount due, plus simple interest at a rate not to exceed five (5) percent over the Prime Lending Rate as set forth in The Wall Street Journal, from the date when the Assessment is due until the date it is received by the Association. Such charges shall be added to and collected in the same manner as other Assessments. The Board of Directors may, in its sole discretion, waive all or any portion of such charges or interest if it determines that the failure to pay the Assessment or charge when due was caused by circumstances beyond the control of the Co-Owner or other good cause. No Co-

Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Unit.

12.6. LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS

12.6.1. General

Regular Assessments, Special Assessments and Working Capital Assessments, plus interest and charges thereon, and costs of collection thereof (including reasonable attorneys' fees and expenses and court costs) shall be (i) the personal obligation of the Person who was the Co-Owner of such Unit at the time the Assessment was due and, unless expressly agreed by the Association, any subsequent Co-Owner, (ii) a charge on the Unit to which such Assessment is applicable and (iii) a continuing lien and encumbrance upon such Unit in favor of the Association. To evidence a lien for sums assessed pursuant to this Section, the Association may prepare a written notice of lien setting forth the amount of the unpaid Assessment or Special Assessment, the due date, the amount remaining unpaid, including any interest or charges, the name of the Co-Owner of the Unit, and a description of the Unit. Such notice shall be signed and acknowledged by a duly authorized officer of the Association or any Management Agent of the Association and may be recorded in the Register of Deeds. No notice of lien shall be recorded until there is a delinquency in payment of the Assessment, but notice of lien shall not be a condition precedent to or delay the attachment of the lien, which shall attach on the date that the Assessment is levied or the date of the event that gives rise to the obligation to pay the Association. Such lien may be enforced as set forth in this Master Deed or otherwise permitted by law.

12.6.2. Personal Obligations of Persons Owning in Entity Name

If a Unit is owned by a legal entity such as a limited partnership, limited liability company or corporation, then one or more of the partners, members, or shareholders of the legal entity owning the Unit shall guarantee the payment of all amounts owed to the Association pursuant to Section 12.6.1, above. The guaranty shall be in a form satisfactory to the Board of Directors.

12.7. SUBORDINATION OF LIEN; MORTGAGEE RIGHTS

Unpaid Assessments then due and payable on a Unit shall be paid by the conveying Co-Owner at the time of any conveyance of the Unit, or, if not paid, shall be payable by the Person to which the Unit is conveyed unless payment of some or all of the unpaid Assessments due is expressly waived in writing by the Board of Directors, in its sole discretion. Pursuant to Section 27-31-210 of the Act, the lien on a Unit for unpaid Assessments shall be subordinate to the liens for any unpaid taxes and any duly recorded prior mortgage or other duly recorded lien on the Unit. Sale or transfer of any Unit shall not affect the lien for unpaid Assessments. However, to the extent set forth in Section 27-31-210(b) of the Act, if a mortgagee of any mortgage of record or other purchaser of a Unit obtains title at a foreclosure sale, the Person acquiring title shall not be liable for Assessments allocable to the Unit that accrued after the date of recording of the mortgage and prior to the acquisition of title at the foreclosure sale. Any amendment to Section 27-31-210 of the Act shall be deemed to modify this provision commencing on the date that it becomes law. Unless the Board of Directors determines that such unpaid Assessments shall be waived or reduced by the Association, such unpaid Assessments shall be deemed Common Expenses collectible from all Co-Owners, including the Person acquiring title, its successors and assigns, in accordance with their respective Percentage Interests.

12.8. STATEMENT OF ACCOUNT

Upon (a) receipt by the Association of a written request of any Co-Owner, mortgagee, or (if authorized by the Co-Owner) a prospective purchaser, mortgagee, or lessee of an Apartment, and (b) payment to the Association of a reasonable fee, if any, determined by the Board of Directors, the Association shall issue a written statement (which shall be conclusive upon the Association) setting forth the amount of any unpaid Assessments then known to be due, if any, applicable to) setting forth the following:

- (i) The amount of unpaid Regular Assessment, Special Assessment or Working Capital Assessment then due, if any, applicable to such Unit.
- (ii) The amount of any credit for advance payments of Regular Assessment or Special Assessments.

Unless such written statement is delivered within twenty-one (21) calendar days after receipt of the request (or such longer period as is authorized in the request), the Association shall have no right to assert a priority lien on the Unit for the amount of any unpaid Regular Assessments, Special Assessment, or Working Capital Assessment, if any, then due and applicable to such Unit.

12.9. FINANCIAL STATEMENTS

The Board of Directors shall endeavor in good faith to cause an unaudited or audited financial statement of the Association (the "Annual Report") to be prepared by a licensed public accountant within one hundred (120) days following the close of the Association's fiscal year. Upon request, one (1) copy of the Annual Report shall be provided to any Co-Owner of a Unit. The Board of Directors may require payment of a reasonable fee for additional copies.

13. REMEDIES OF ASSOCIATION

13.1. REMEDIES AND ENFORCEMENT

13.1.1. Legal Actions

Each Co-Owner shall comply with the Governing Documents. Failure to comply shall be grounds for the Association to impose charges (as a Special Assessment); institute an action to recover sums due, for damages, for injunctive or equitable relief, or for specific performance; exercise any other enforcement right that may exist in law in equity; or foreclosure. (See above.) Such actions shall be maintained by the Board of Directors on behalf of the Association. Unless expressly agreed by the Association in writing, any failure on the part of the Association to exercise any right, power or remedy herein provided shall not be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach, or as to any violation or breach occurring prior to subsequent thereto.

13.1.2. Discontinuance of Association Services

In addition to the legal actions referenced in Section 13.1.1, above, the Board of Directors

may establish Rules and Regulations setting forth the conditions and procedures for the refusal or discontinuance of Association services to Co-Owners who fail to comply with the Governing Documents. "Services" means those things that the Association provides to a Unit or Co-Owner in return for payment of Assessments by such Co-Owner.

13.2. ATTORNEYS FEES AND COSTS

In any suit, arbitration, counterclaim or other action, at law or in equity, by the Declarant or the Association to enforce any of the provisions of the Governing Documents, or any appeal thereof, if the Declarant or the Association is the prevailing party, the Declarant or the Association shall be entitled to recover from any other party to the suit or action that is subject to this Master Deed the Association's costs, including, without limitation, court costs, fees for expert witnesses and depositions, other disbursements, and reasonable attorneys' fees and expenses.

13.3. DISCHARGE OF MECHANIC'S LIENS

The Association may cause to be discharged any mechanic's lien or other encumbrance that in the opinion of the Association may constitute a lien against the Common Elements. If less than all of the Co-Owners are responsible for the existence of the lien, the Co-Owners responsible, as determined by the Board of Directors, shall be jointly and severally liable for the amount necessary to discharge the same, and for all related costs and expenses, including, without limitation, attorney's fees and court costs, incurred by reason of the lien.

14. AMENDMENTS

14.1. AMENDMENT TO MASTER DEED BY ASSOCIATION

Amendments to this Master Deed, other than those authorized by Sections 3.2.1, 3.4 and 14.2 shall be approved or acquiesced to by Co-Owners owning not less than two-thirds (2/3) of the Percentage Interests, in accordance with the procedure set forth in the Bylaws; provided, however, (i) no amendment that imposes a greater economic or legal burden on Declarant than the burden that exists under the current provisions of this Master Deed shall be valid unless it is approved, in writing, by Declarant, and (ii) no amendment shall alter the Percentage Interests without the approval or acquiescence of the Co-Owner(s) whose Percentage Interest is(are) altered. An amendment shall be deemed to be "acquiesced to" by a Co-Owner if (a) notice of the proposed amendment is given to the Co-Owner, (b) the Co-Owner is given an opportunity to vote for or against the proposed amendment for a specified period of time and notified that failure to vote for or against the proposed amendment within the specified period of time will be deemed to constitute a vote for the proposed amendment, and (c) the Co-Owner fails to vote for or against the proposed amendment within the specified period of time.

14.2. AMENDMENTS TO MASTER DEED BY DECLARANT

Notwithstanding any other provision herein or in the Bylaws, Declarant may amend this Master Deed without the consent of the Association, any Owner, any easement grantee, or any mortgagee if, in Declarant's opinion, based on advice of legal counsel, such amendment is necessary to (i) bring any provision of the Master Deed into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination that is in

potential conflict with this Master Deed; (ii) enable any reputable title insurance company to issue title insurance coverage with respect to any Units subject to this Master Deed; (iii) enable any mortgagee to make mortgage loans, on reasonable terms, secured by a Unit; (iv) enable any insurer to provide insurance required by this Master Deed; or (v) correct any obvious error, clarify any provision of this Master Deed or eliminate any conflict between provisions of this Master Deed, including the Exhibits thereto.

14.3. AMENDMENTS TO BYLAWS AND RULES AND REGULATIONS

Amendments to the Bylaws and Rules and Regulations shall be made in accordance with the Bylaws.

15. SUBMERGED LAND

ALL ACTIVITIES ON OR OVER AND ALL USES OF SUBMERGED LAND OR CRITICAL AREAS ARE SUBJECT TO THE JURISDICTION OF THE SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL, INCLUDING, BUT NOT LIMITED TO, THE REQUIREMENT THAT ANY ACTIVITY OR USE THEREIN MUST BE AUTHORIZED BY THE SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL. ANY CO-OWNER IS LIABLE TO THE EXTENT OF HIS OR HER OWNERSHIP FOR ANY DAMAGES TO, ANY INAPPROPRIATE OR UNPERMITTED USES OF, AND ANY DUTIES OR RESPONSIBILITIES CONCERNING ANY SUBMERGED LAND, COASTAL WATERS, OR ANY OTHER CRITICAL AREA.

16. GENERAL

16.1. TITLE

Except for the initial conveyance by the Declarant, every Co-Owner shall promptly cause to be duly recorded with the Register of Deeds the deed or other document conveying the Unit to such Co-Owner. Upon request of the Association, the Co-Owner shall file a true copy of such evidence of title with the Association or its designee.

16.2. APPLICABLE LAW AND INTERPRETATION

The Governing Documents shall be construed in accordance with the laws of the State of South Carolina. In all cases, the provisions of the Governing Documents shall be liberally construed together and, to the maximum extent possible, given an interpretation that is reasonable. The captions of the Governing Documents are inserted only for convenience and are not to be construed as defining, limiting, extending or otherwise modifying or adding to the particular provisions to which they refer. The singular wherever used in the Governing Documents shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions thereof apply either to any Person, as defined herein, shall in all cases be assumed where reasonably required. The effective date of this Master Deed shall be the date of its filing for record in the Register of Deeds.

16.3. CONFLICTS WITH ACT OR LAW; WHAT GOVERNS

The Governing Documents are intended to comply with the Act and, to the extent

reasonable, shall be so construed. If any provision of this Master Deed clearly conflicts with a mandatory provision of the Act or applicable law, the provisions of the Act or applicable law shall govern. If such conflict invalidates any provision of this Master Deed, such invalidation will not affect any of the other provisions contained herein unless the result would clearly be inequitable, and the other provisions shall remain in full force and effect or be interpreted so as to comply with the invalidated provision as fully as lawful and feasible. If any provision of the Bylaws or Rules and Regulations clearly conflicts with a mandatory provision of the Act, applicable law, or this Master Deed, the provisions of the Act or the Master Deed shall govern.

16.4. TRANSFER OF DECLARANT'S RIGHTS

Unless the transfer of a right or interest of Declarant is expressly stated in this Master Deed to occur upon the earlier happening of a defined event, any right or interest of Declarant reserved or contained in this Master Deed may be transferred or assigned by the Declarant, either separately or with other rights or interests, to any Person by written instrument executed by both Declarant and the transferee and recorded in the Register of Deeds. Such right of Declarant shall terminate after the conveyance by Declarant of all Units to entities that are neither an affiliate of Declarant nor the holder of a security interest in the Property, after which such right of Declarant to transfer or assign shall be deemed to have automatically been conveyed to the Regime.

16.5. MODIFYING SYSTEM OF ADMINISTRATION OF ASSOCIATION

The system of administration of the Association may be modified in accordance with the provisions of South Carolina Code Section 27-31-160 or any successor statute defining the applicable procedure.

**THE BALANCE OF THIS PAGE IS INTENTIONALLY BLANK. SIGNATURE PAGE
FOLLOWS.** . . .

IN WITNESS WHEREOF, the Declarant has executed this Master Deed this

25th day of APRIL, 2023.

WITNESSES:

THE CHARLES, LLC

Donald G. Frasier
[Signature]

[Signature]
For: Hancock Development Company, Inc.
Its Manager
By: Robert M. Hancock, President

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

ACKNOWLEDGMENT

I, *D. Simon Frasier*, Notary Public for the State of South Carolina hereby certify that Robert M. Hancock as President of Hancock Development Company, Inc., Manager of **THE CHARLES, LLC**, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Subscribed to and sworn before me this 25th day of April, 2023.

[Signature]

(SEAL)

Notary Public for South Carolina

My Commission Expires: 3/5/2023

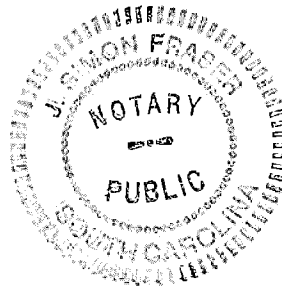


EXHIBIT "A": LEGAL DESCRIPTION OF PROPERTY

All that certain piece, parcel or tract of land, situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 2.745 acres, shown and described as "TOTAL 2.745 Ac. (119,589 SF)" on that plat entitled "A RECOMBINATION LAND SURVEY OF R510-003-000-0083, R510-003-000-0079, R510-003-000-0046, R510-003-000-0034, THE OLD FORT PUB AREA, SKULL CREEK DRIVE, A PORTION OF HILTON HEAD PLANTATION, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA", prepared by Coastal Surveying Co., Inc., Michael R. Dunigan, SCRLS 11905, dated 22 February 2021, and recorded in the Register of Deeds for Beaufort County, South Carolina in Plat Book 156 at Page 78.

TMS # R510-003-000-0034-0000

BEING the same property conveyed to the Declarant by deed from 6163 Pub, LLC, recorded on September 22, 2021, in Book 4063 Pages 0349-0361, in the Register of Deeds for Beaufort County, South Carolina, and re-recorded to correct execution date error on January 31, 2023, in Book 4215 Pages 0122-0125.

EXHIBIT "B": BYLAWS

BYLAWS OF
THE CHARLES ASSOCIATION, INC.

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1. NAME AND PRINCIPAL OFFICE

1.1 Name.

The name of the nonprofit corporation is "The Charles Association, Inc.", hereinafter referred to as the "Association".

1.2. Offices.

The principal offices of the Association shall be in South Carolina at such location as determined by the Board of Directors.

2. DEFINITIONS

2.1. Definitions.

Except as otherwise provided herein or required by the context hereof, all capitalized terms used herein are intended to have the same meaning as any similar terms set forth in the Master Deed of The Charles Horizontal Property Regime (the "Master Deed"), recorded in the office of the Register of Deeds for Beaufort County, South Carolina, and all amendments thereto filed for record from time to time.

3. MEMBERS; VOTING AND MEETINGS

3.1. Members.

Each Co-Owner of a Unit shall be a Member of the Association.

3.2. Notice of Ownership.

In order to confirm Membership, upon purchasing a Unit in The Charles, the Co-Owner of such Unit shall promptly furnish to the Association a legible copy of the instrument conveying ownership to the Owner (e.g. a recorded deed), which copy shall be maintained in the records of the Association. This provision shall not apply to the Declarant or any Co-Owner of a Unit who purchases his Unit from the Declarant.

3.3. Annual and Regular Meetings.

The first meeting of the Members shall be held within one (1) year from the date of recording of the Master Deed. Unless otherwise determined by the Board of Directors, subsequent annual meetings shall be held on such dates and at such location in Beaufort County, South Carolina as the Board of Directors may determine. A meeting may be conducted by any means that permits all Members participating to communicate simultaneously (including meetings in person or participation by electronic means, such as a video display, telephone or internet conference call).

3.4. Special Meetings.

A special meeting of the Members shall be held (a) upon the call of the President of the Association or the Board of Directors, or (b) if Members owning at least five percent (5%) of the total Percentage Interests sign, date and deliver to an officer of the Association a written demand for a special meeting describing the purpose for which it is to be held. The close of business on the thirtieth 30th day before delivery of the written demand is the record date for determining whether the five percent (5%) requirement has been met. If a notice for a special meeting demanded under (b) is not given within thirty (30) days of the date the written demand is properly delivered to an officer of the Association, a Member signing the demand may set the time and place of the meeting in Beaufort County, South Carolina and give notice in accordance with these Bylaws. Only those matters that are within the purposes described in the notice of the meeting may be conducted at a special meeting.

3.5. Notice of Meetings of Members.

Notice of meetings shall be in accordance with the procedure set forth in Section 10. The Association shall notify Members of the place, date and time of each meeting or ballot in lieu of a meeting at least ten (10) days prior thereto; provided, however, if the President or Board of Directors of the Association determines that a special meeting or ballot is essential at an earlier time, then such notice shall be given at least three (3) days prior thereto. Notice shall be given in accordance with the procedure set forth in Section 10. A Member may waive any notice required by these Bylaws or applicable law by written waiver, signed by the Member, delivered to the Secretary or President of the Association or the Board of Directors, either before or after the event. Attendance by a Member at a meeting or participation in a ballot waives objection to lack or notice or defective notice thereof unless the Member, prior to the end of the meeting or ballot, submits a written objection to the meeting or ballot.

3.6. Voting by Members.

3.6.1 In all votes or ballots by Members, voting shall be on a percentage basis. The percentage of the vote to which a Member is entitled shall be the percentage interest assigned in the Master Deed to the Unit or Units owned by the Member. The vote of a Member shall not be divided. If there is a disagreement regarding which person is authorized to vote on behalf of a Unit, the Board of Directors shall have authority to determine the correct person.

3.6.2. Pursuant to Title 27, Chapter 31, Section 27-31-160 of the South Carolina Horizontal Property Act (the "Act"), in decisions requiring the approval of Members, at least fifty-one percent (51%) of the Percentage Interests shall be required for approval. The Act or the Master Deed may require different percentages for certain decisions.

3.6.3. In any decision requiring the approval of Members, the Members may delegate to the Board of Directors or any director or officer of the Association the authority to determine and implement such details or matters as the Members determine.

Example: Assume that the Members approve obtaining a loan to the Association "on such terms and conditions as shall be approved by the Board of Directors." In such case, the Board of Directors shall have authority to determine such details as the amount and term of the loan, the interest rate, repayment schedule, the security for the loan, etc.

3.6.4. Cumulative voting is prohibited.

3.7. Quorum of Members.

Fifty-one percent (51%) of the cumulative Percentage Interests shall constitute a quorum for the transaction of business at any meeting or vote of the Members. A meeting may be conducted by any means that permits all Members participating to communicate simultaneously (such as a telephone conference call).

3.8. Proxies and Authority of Person Voting.

A Member may be represented by a written proxy that in the reasonable opinion of the President or Secretary of the Association evidences the intention of the Member to permit the holder of the proxy to vote on such Member's behalf. A proxy may be held by any Person, including, without limitation, any authorized representative of a Management Agent of the Association. The President of the Association or the Board of Directors shall have the authority to determine, in their sole reasonable discretion, whether any individual claiming to have authority to vote for a Member has such authority. If the Member is a corporation,

partnership, limited liability company, trust, or similar entity, the Association may require the individual purporting to vote for such Member to provide reasonable evidence that such individual (the "Representative") has authority to vote for such Member. Unless the authority of the Representative is challenged in writing at or before the time of voting, or is challenged orally at the time of voting, however, the Association may accept such Representative as a person authorized to vote for such Member, regardless of whether adequate evidence of such authority is provided.

4. BOARD OF DIRECTORS

4.1. General Powers.

The Board of Directors of the Association (the "Board") shall manage the property, affairs, and business of the Association. The Board shall constitute that body referred to in the Horizontal Property Act of South Carolina as "the board of administration." The Board may exercise all of the powers of the Association, whether derived from law, the Master Deed, the Articles of Incorporation, or these Bylaws, except such powers as are expressly vested in another Person, including the Members as a whole, by such sources. Such powers shall include, without limitation, selection, hiring and dismissal of personnel or entities necessary for administering the affairs of the Association and executing any legal documents required for the Association such as, by way of example and not limitation, easements, deeds, mortgages, loan documents, contracts and any other legal documents relating to the operations of the Association. Unless otherwise expressly set forth in law, the Master Deed, the Articles of Incorporation, or these Bylaws, the Board shall constitute the final administrative authority of the Association, and all decisions of the Board shall be binding upon the Association and the Members. Unless prohibited by applicable law, the Board may, in writing or by resolution of the Board, delegate to one or more officers or to a Management Agent or Agents, such of its duties, responsibilities, functions, and powers, as it determines are appropriate.

4.2. Number, Tenure, Qualifications and Election.

4.2.1 For so long as Declarant has a "Controlling Interest", the Board of Directors shall consist of not less than three (3) nor more than five (5) individuals, as determined and designated by Declarant from time-to-time. A Controlling Interest shall exist as long as Declarant owns Units to which at least fifty-one percent (51%) of the cumulative Percentage Interests are allocable. Directors need not be Members.

4.2.2. Within one hundred eighty (180) days after the date on which the Declarant no longer has a Controlling Interest, or such earlier time as the Declarant records a document waiving its authority to designate the Board, the successor Board shall be selected as follows:

The successor Board shall consist of three (3) individuals, at least two (2) of whom shall be Members. Each Director shall serve for a three (3) year staggered term. Initially, however, in order to provide for some continuity, one (1) Director shall be elected for a one (1) year term, one (2) Director shall be elected for a two (2) year term, and one (2) Director shall be elected for a three (3) year term. The individual receiving the highest number of votes shall be elected to a three (3) term, the individual receiving the next highest number of votes shall be elected to a two (2) year term, and the individual receiving the next highest number of votes shall be elected to the one (1) year term. Thereafter, upon the expiration of the designated term, each Director shall be elected for a three (3) year term. If a Director resigns or is replaced, the replacement Director shall serve for the balance of the applicable term. No individual may be elected to serve as a Director for a more than two consecutive three (3) year terms, plus any term for which such individual is selected to complete a vacated position.

4.2.3. The current Board of Directors of the Association shall constitute a Nominating Committee to nominate competent and responsible individuals to serve as Directors of the Association. At the discretion of the Board of Directors, elections of Directors shall be held either (i) by written ballot distributed to the Members without a meeting or (ii) by written ballot at a meeting of the Members. In all cases, the Board of Directors shall determine the form of the written ballot, but the ballot shall contain one or more blank spaces for additional Persons to be nominated.

4.2.4. Notice of the election shall be given in accordance with Section 10. If election is by written ballot distributed to the Owners of Units without a meeting, the ballot or accompanying materials shall state a date by which the ballot must be returned to the Association in order to be counted. The notice shall contain the names of those persons recommended by the Nominating Committee, but, if the vote will occur at a meeting, the notice shall state that Owners may make other nominations at the meeting.

4.2.5. Each Member shall be authorized to cast as many votes as the number of Directors to be elected (i.e. if two Directors are being elected, then a Member may vote for two nominees). Votes shall be weighted to reflect the Percentage Interest allocable to each Unit. (See Section 3.6.1).

4.3. Annual and Regular Meetings.

The first meeting of the Board of Directors shall be held within one (1) year from the date of recording of the Master Deed. Unless otherwise determined by the Board of Directors, subsequent annual or regular meetings shall be held on such dates and at such location as the Board of Directors may determine. Notice shall be in accordance with the procedure set forth in Section 10. A meeting may be conducted by any means that permits all Directors participating to communicate simultaneously (including meetings in person or participation by electronic means, such as a video display, telephone or internet conference call).

4.4. Special Meetings.

Special meetings of the Board may be called by or at the request of the Chairman of the Board of Directors or any two (2) Directors (or if there are only two Directors, then any Director). The Director(s) calling a special meeting of the Board may fix any place within Charleston County, South Carolina (or such other place as is approved by all Directors) as the place for holding such a meeting. Except as otherwise required or permitted by the South Carolina Nonprofit Corporation Act, notice of any special meetings shall be given at least two (2) days prior thereto. Notice shall be in accordance with the procedure set forth in Section 10. Any Director may waive notice of a meeting.

4.5. Quorum, Telephonic Meetings and Manner of Acting.

A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. Upon approval of a majority of the Board, a meeting may be conducted by any electronic means that permits all participating Directors to communicate simultaneously (such as a telephone conference call). The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board. The Directors shall act only as a Board and individual Directors shall have no powers as such.

4.6. Compensation.

No Director shall receive compensation for any services that he may render to the Association as a Director; provided, however, Directors may be reimbursed for expenses incurred in performance of their duties as Directors and, except as otherwise provided in these Bylaws, may be compensated for services rendered to the Association other than in their capacities as Directors, if disclosed to the Board.

4.7. Resignation and Removal.

A Director may resign at any time by delivering a written resignation to either the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director may be removed at any time for or without cause, by proper action of the Person(s) having the right to designate or elect Directors at the time of removal (see Sections 4.2.1 and 4.2.2, above).

4.8. Vacancies.

If a vacancy shall occur in the Board by reason of the death or resignation of a Director, then such vacancy shall be filled by a vote of a majority of the remaining Directors. If a vacancy shall occur in the Board by reason of removal, then such vacancy shall be filled solely by vote of the Person(s) then having the right to designate or elect Directors (i.e. by the Declarant or the Members, as set forth in Sections 4.2.1 and 4.2.2, above). Any Director designated or appointed to fill a vacancy shall serve for the unexpired term of his predecessor.

4.9. Informal Action by Directors.

Any action that is required or permitted to be taken at a meeting of the Board may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

4.10. Election of Chairman of Board.

The Chairman of the Board of Directors shall be elected by a majority of the Board at any meeting. The Chairman shall serve until the earlier of (a) such time as a new Chairman shall be elected, (b) his resignation as Chairman, (c) his resignation or removal as a Director, or (d) his death. The Board of Directors may elect a Vice Chairman to serve in the absence of the Chairman. If a Vice Chairman is elected, he shall also be a Vice President of the Association.

5. OFFICERS

5.1. Number.

The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as the Board may from time to time elect. The Chairman of the Board shall be the President. An individual may hold more than one position, except that the President and the Treasurer shall be different individuals. It is not necessary that an officer be a Director or a Member.

5.2. Election, Tenure, and Qualifications.

The officers of the Association shall normally be elected by the Board at the annual meeting of the Board. In the event of failure to choose officers at such annual meeting of the Board, officers may be chosen at any subsequent regular or special meeting of the Board. Each officer (whether chosen at a regular annual meeting of the Board or otherwise) shall hold his office until his successor shall have been chosen and qualified, or until his death, or until his resignation or removal in the manner provided in these Bylaws, whichever first occurs. Any one individual may hold any two or more of such offices

5.3. Subordinate Officers and Agents.

The Board may from time to time appoint such other officers or agents as it deems advisable, each of whom shall have such title, hold office for such periods, have such authority, and perform such duties as the Board may from time to time determine. The Board may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties .

5.4. Resignation and Removal.

Any officer may resign at any time by delivering a written resignation to the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board at any time, for or without cause.

5.5. Vacancies and Newly Created Offices.

If any vacancies shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board at any regular or special meeting.

5.6. The President.

The Chairman of the Board of Directors shall serve as the President of the Association. The President shall preside at meetings of the Board and at meetings of Members of the Association. He shall sign on behalf of the Association all conveyances, mortgages, documents, and contracts, and shall do and perform all other acts and things that the Board may require of him; provided that the Board may authorize other officers or Persons to act on specific matters by proper resolution of the Board.

5.7. The Vice President.

The Vice President shall preside in the absence of the President and shall do and perform all other acts and things that the Board may require of him. The Board may elect more than one Vice President.

5.8. The Secretary.

The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Master Deed, any resolution of the Board or applicable law may require him to keep. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board may require of him.

5.9. The Treasurer.

The Treasurer shall have custody and control of the funds of the Association, subject to the action of the Board, and shall, when requested by the President or the Board to do so, report the state of the finances of the Association. He shall perform such other duties as the Board may require of him.

5.10. Compensation.

No officer shall receive compensation for any services that he may render to the Association as an officer; provided further, however, that officers may be reimbursed for expenses incurred in performance of their duties as officers and, except as otherwise provided in these Bylaws, may be additionally compensated for services rendered to the Association other than in their capacities as officers, if disclosed to the Board.

6. COMMITTEES

6.1. Designation of Committees.

The Board may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. The membership of each such committee designated hereunder shall consist of such number as the Board shall determine. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that committee members may be reimbursed for expenses incurred in performance of their duties as committee members and (except as otherwise provided by these Bylaws) may be compensated for services rendered to the Association other

than in their capacities as committee members. It is not necessary that a committee member be a Director, an officer or a Member of the Association.

6.2. Proceedings of Committees.

Unless appointed by the Board, each committee designated hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board. Unless expressly delegated to the committee by the Board, the power and authority of each committee shall only be to make recommendations to the Board, which shall have the final decision whether to take any action or not.

6.3. Quorum and Manner of Acting.

At each meeting of any committee designated hereunder by the Board, the presence of committee members constituting at least a majority of the authorized membership of such committee shall constitute a quorum for the transaction of business, and the act of a majority of the committee members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board hereunder shall act only as a committee, and the individual committee members thereof shall have no powers as such.

6.4. Resignation and Removal.

Any committee member designated hereunder by the Board may resign at any time by delivering a written resignation to the President, the Board, or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board may at any time, for or without cause, remove any member of any committee designated by it hereunder.

6.5. Vacancies.

If any vacancy shall occur in any committee designated by the Board hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining committee members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board.

7. INDEMNIFICATION

7.1. Indemnification and Insurance.

Unless expressly prohibited by applicable law, the Association shall indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action, suit, or proceeding (including a proceeding brought by the Association) whether civil, criminal, administrative, or investigative (other than an action by or on behalf of the Association) by reason of the fact that the person is or was a Director, officer, employee, or Management Agent of the Association, against expenses (including reasonable attorney's fees), judgments, fines, and amounts paid in settlement in connection with such action, suit, or proceeding, if the indemnified Person (a) acted in good faith, without fraudulent intent or gross negligence (or, if the action is brought by the Association, without negligence or breach of any contractual or fiduciary obligation to the Association), and in a manner the person reasonably believed to be in or not opposed to the best interest of the Association, and (b) with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit, or proceeding against the person by a judgement, order, or settlement, or plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.2. Determination.

If a Director, officer, employee, or Management Agent of the Association is successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 7.1, or in defense of any claim, issue, or matter therein, he or it shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Section 7.1 hereof shall be made by the Association only upon a determination that indemnification of the Director, officer, employee, or Management Agent is proper in the circumstances because he or it has met the applicable standard of conduct set forth respectively in Section 7.1 hereof. Such determination shall be made by the Board by a majority vote of Directors (excluding any Director whose indemnification is being considered).

7.3. Advances.

Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a Directors (excluding any Director whose indemnification is being

considered) and upon receipt of an undertaking by or on behalf of the Director, officer, employee, or Management Agent to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Article .

7.4. Scope of Indemnification.

The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Master Deed, Articles of Incorporation, Bylaws, agreements, vote of disinterested Members of Directors, or applicable law. The indemnification authorized by this Article shall apply to all present and future Directors, officers, employees, and Management Agents of the Association and shall continue as to such Persons who cease to be Directors, officers, employees, or Management Agents of the Association and shall inure to the benefit of the heirs and legal representatives of all such Persons.

7.5. Liability Insurance.

The Association may purchase and maintain insurance on behalf of any Person who was or is a Director, officer, employee, or agent of the Association against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the Bylaws or the laws of the State of South Carolina, as the same may hereafter be amended or modified.

7.6. Payments and Premiums.

All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute Common Expenses of the Association and shall be paid with funds of the Association.

8. FISCAL YEAR AND SEAL

8.1. Fiscal Year.

The fiscal year of the Association shall begin on the 1st day of January each year and shall end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

8.2. Seal.

The Association may obtain a corporate seal that complies with any requirements of the State of South Carolina, but failure to obtain any formal seal

shall not preclude an officer signing on behalf of the Association from indicating that the signature is under seal in accordance with any requirements of the State of South Carolina.

9. RULES AND REGULATIONS

9.1. Rules and Regulations.

The Board may from time to time adopt, amend, repeal, and enforce reasonable Rules and Regulations governing the use and operation of the Property, to the extent that such Rules and Regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Master Deed, these Bylaws, or law. Without limitation, such Rules and Regulations may include establishment of reasonable fees for guests or for special use of facilities in the Common Area, definition of the times and conditions of use of facilities in the Common Area, and reasonable charges for failure to observe the terms of this Master Deed or the Rules and Regulations. Upon request of any Owner, such Owner shall be provided a copy of the Rules and Regulations or the Master Deed, provided that the Board may charge a reasonable fee to cover any reproduction, mailing or administrative costs involved.

10. NOTICES

10.1. Notices.

Whenever notice is required or permitted under the terms of these Bylaws, it may be oral if receipt is acknowledged by the recipient, or it shall be in writing and (a) personally delivered or (b) sent postage or delivery charges prepaid either (i) by United States mail, certified, return receipt -requested, in which case notice shall be deemed to occur on the certified date of delivery or rejection of delivery or (ii) if within the United States, by First Class or Priority United States mail, in which case notice shall be deemed to occur four (4) calendar days after date of postmark, or (iii) by any dependable delivery service that provides evidence of delivery, in which case notice shall be deemed to occur on the certified date of delivery. Notices by other methods, such as facsimile or e-mail transmission, shall be valid if the recipient thereof acknowledges receipt in writing or electronic confirmation of receipt is received by the sender.

10.2. Addresses

All notices to Members shall be delivered or sent to such address as has been provided from time to time by the Member, in writing, to the Association, or if no address has been so provided to the Association or no current address is known, then at the address of such Member's respective Unit or the address then

shown as that of the Member on the property tax records of Beaufort County, South Carolina. All notices to mortgagees shall be delivered or sent to such addresses as such mortgagees specify in writing to the Association.

11. OTHER STATUTORY PROVISIONS

In compliance with Section 27-31-160 of the Act, the provisions governing the care, upkeep and surveillance of the property of the Association and its general or limited common elements and services; the manner of collecting from Owners for payment of common expenses of the Association; the hiring and dismissal of the personnel necessary for the works and the general or limited common services for the property of the Association; and the procedure for modifying the system of administration of the Association created by the Master Deed shall be as set forth in the Master Deed of the Association. By reference, such provisions are incorporated herein.

12. AMENDMENT OF BYLAWS

12.1. Amendment by Association.

The Bylaws may be amended by approval of the proposed amendment by at least fifty-one percent (51%) of the Percentage Interests. Written notice of the proposed amendment shall be given to the Members in writing if proposed by the Board or proposed to the Board by Members owning at least fifty-one percent (51%) of the Percentage Interests. The notice shall contain a general description of the proposed amendment and the purpose of the proposed amendment. No amendment to the Bylaws that imposes or reasonably could be construed to impose a greater economic or legal burden on Declarant than exists under the then current provisions of these Bylaws shall be valid unless it is approved, in writing, by Declarant, and no amendment of the Bylaws that is contrary to this statement shall be valid.

12.2. Amendment by Declarant.

The Board of Directors may amend the Bylaws without the consent of the Association, any Owner or any mortgagee if, in Declarant's reasonable opinion, such amendment is not inconsistent with applicable law and is necessary to (i) bring any provision of the Bylaws into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination that is in conflict with the Bylaws; (ii) enable any title insurance company to issue title insurance coverage with respect to any Units subject to the Master Deed; (iii) enable any mortgagee to make mortgage loans on any Unit or other improvements subject to the Master Deed; (iv) enable any

governmental agency or private mortgage insurance company to insure mortgages on the Units subject to the Master Deed; (v) enable any insurer to provide insurance required by the Master Deed; (vi) clarify any provision of the Bylaws or the Master Deed or eliminate any conflict between provisions of the Bylaws and/or the Master Deed; or (vii) comply with advice of legal counsel.

EXHIBIT "C": PLOT PLAN AND RECORDED ASBUILT SURVEY

The Asbuilt Survey entitled "Asbuilt Survey with Elevations of The Charles, Multi-Story Building located at #63 Skull Creek Drive, a Portion of Hilton Head Plantation," dated April 5, 2023, prepared by Surveying Consultants, is attached and is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Plat Book 161 at Page 137.

SKULL CREEK DRIVE
66' R/W



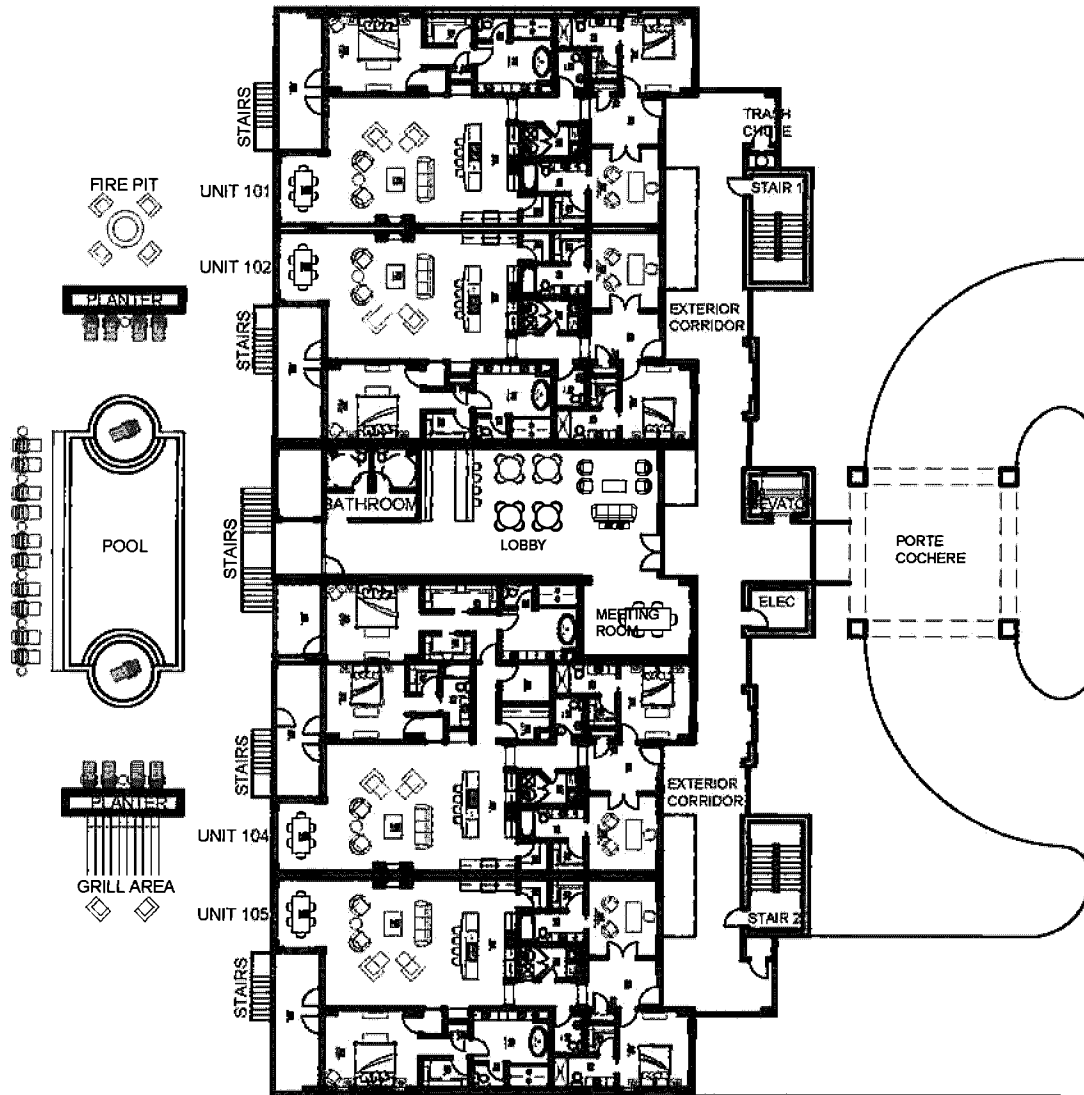
L1	S47°11'23"E	45.83
L2	S47°11'23"E	34.13
L3	S71°22'12"W	49.75
L5	S18°25'39"E	5.14
L6	N71°34'21"E	27.20
L7	S23°42'05"E	20.27
L8	N25°56'51"W	29.79
L9	N67°17'16"E	28.61
L18	S71°19'30"W	37.85

C#	ARC	RADIUS	DELTA	DIRECTION	CHORD
C1	140.20	418.34	19°12'04"	S37°42'59"E	139.54
C2	140.20	279.14	19°18'57"	S84°12'52"E	93.66

APPX. FLOOD
HAZARD LINE

SKULL CREEK

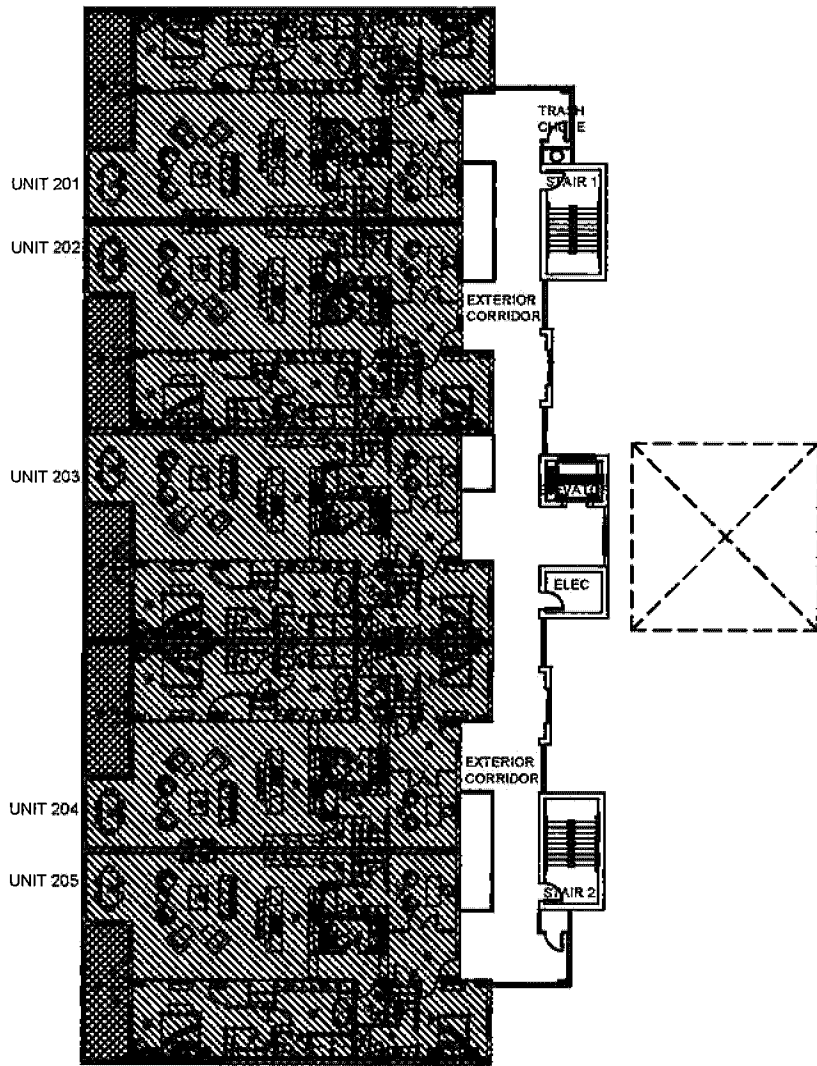
EXHIBIT "D": FLOOR PLANS & PARKING PLAN






	COMMON AREA	4,641 SQ.FT.
	RESIDENTIAL AREA	10,271 SQ.FT.
	LIMITED COMMON AREA	820 SQ.FT.
TOTAL		15,732 SQ.FT.
		15,932 SQ.FT.

FIRST FLOOR PLAN

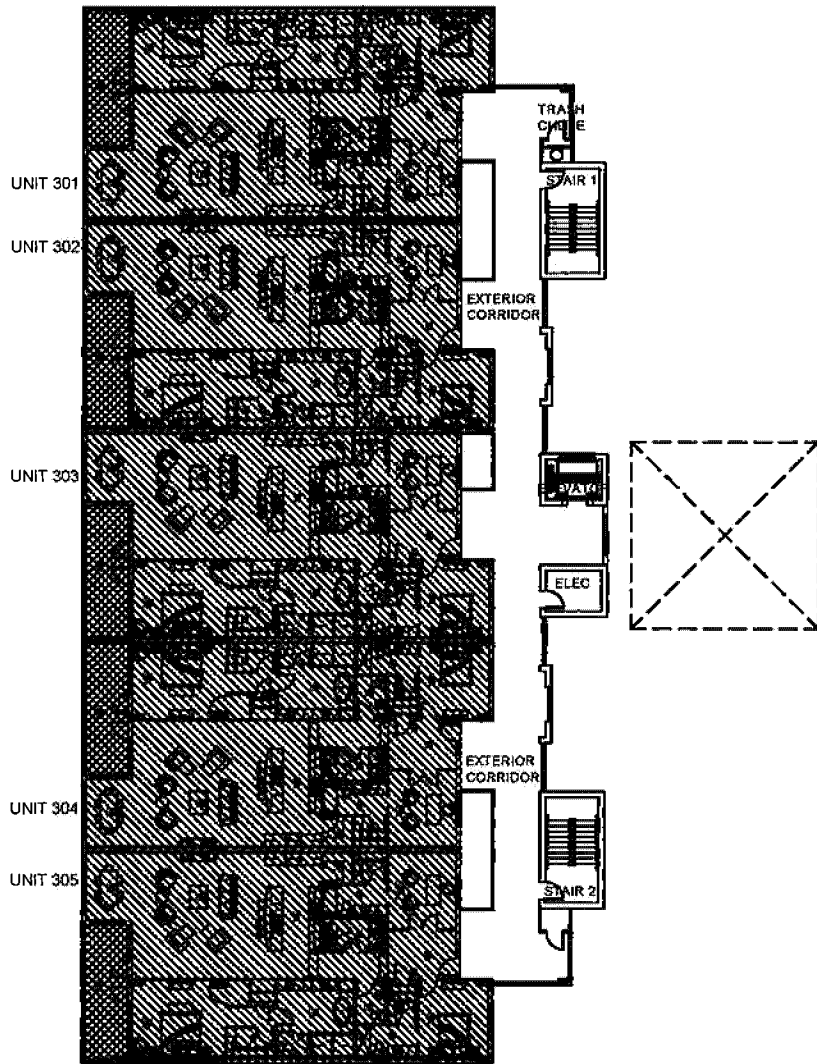
1/32"=1'-0"






	COMMON AREA	2,837 SQ.FT.
	RESIDENTIAL AREA	11,995 SQ.FT.
	LIMITED COMMON AREA	900 SQ.FT.
	TOTAL	15,732 SQ.FT.


SECOND FLOOR PLAN

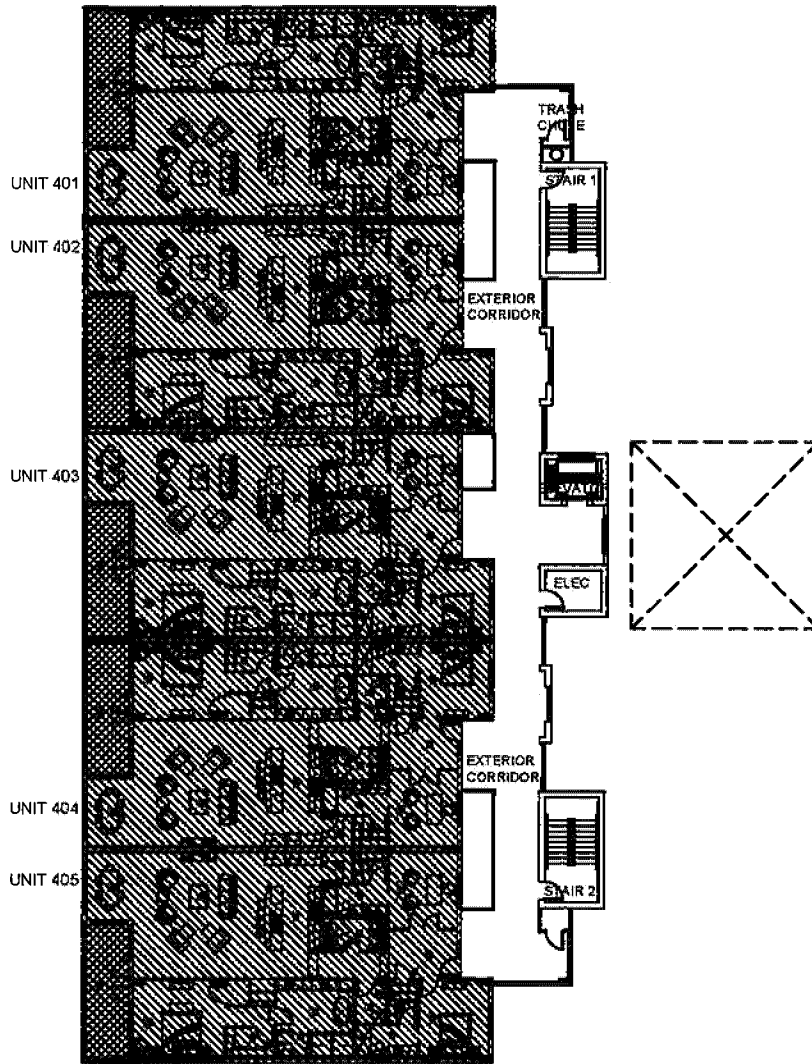
1/32"=1'-0"



	COMMON AREA	2,837 SQ. FT.
	RESIDENTIAL AREA	11,995 SQ. FT.
	LIMITED COMMON AREA	900 SQ. FT.
	TOTAL	15,732 SQ. FT.

THIRD FLOOR PLAN

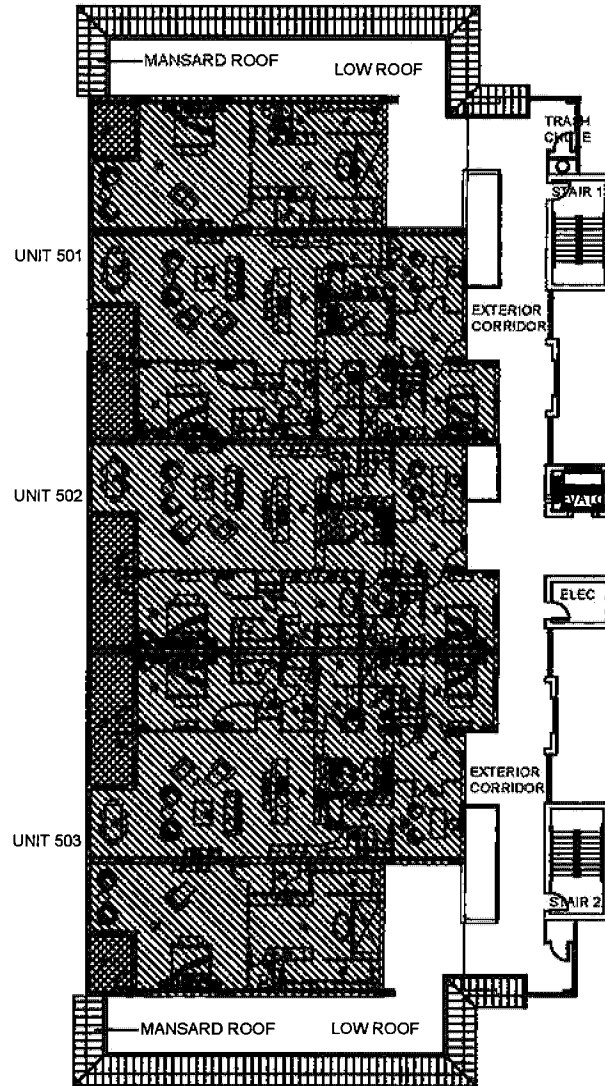

1/32"=1'-0"






	COMMON AREA	2,837 SQ.FT.
	RESIDENTIAL AREA	11,995 SQ.FT.
	LIMITED COMMON AREA	900 SQ.FT.
	TOTAL	15,732 SQ.FT.


FOURTH FLOOR PLAN

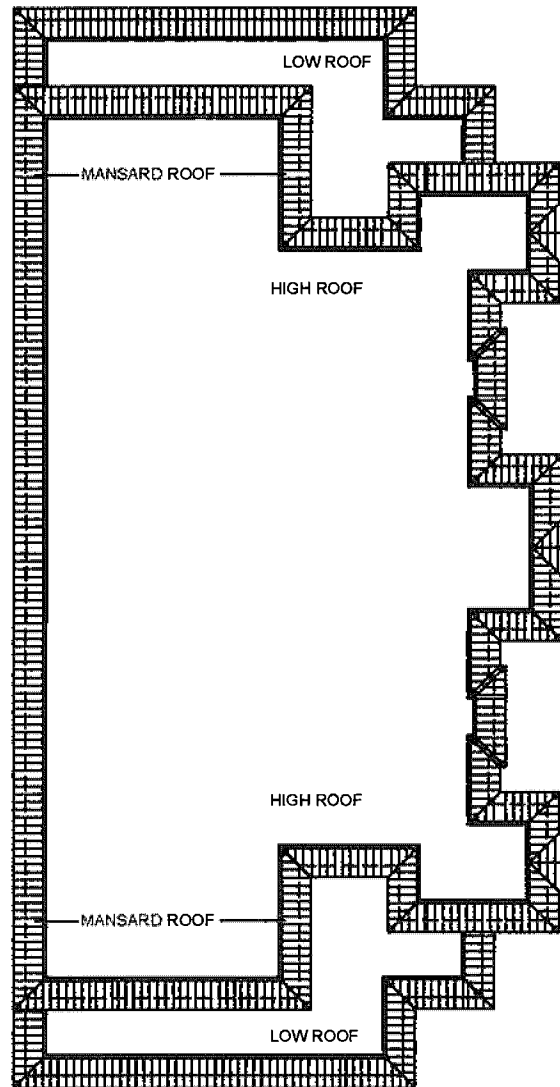
1/32"=1'-0"






	COMMON AREA	5,383 SQ.FT.
	RESIDENTIAL AREA	9,609 SQ.FT.
	LIMITED COMMON AREA	740 SQ.FT.
	TOTAL	15,732 SQ.FT.


FIFTH FLOOR PLAN

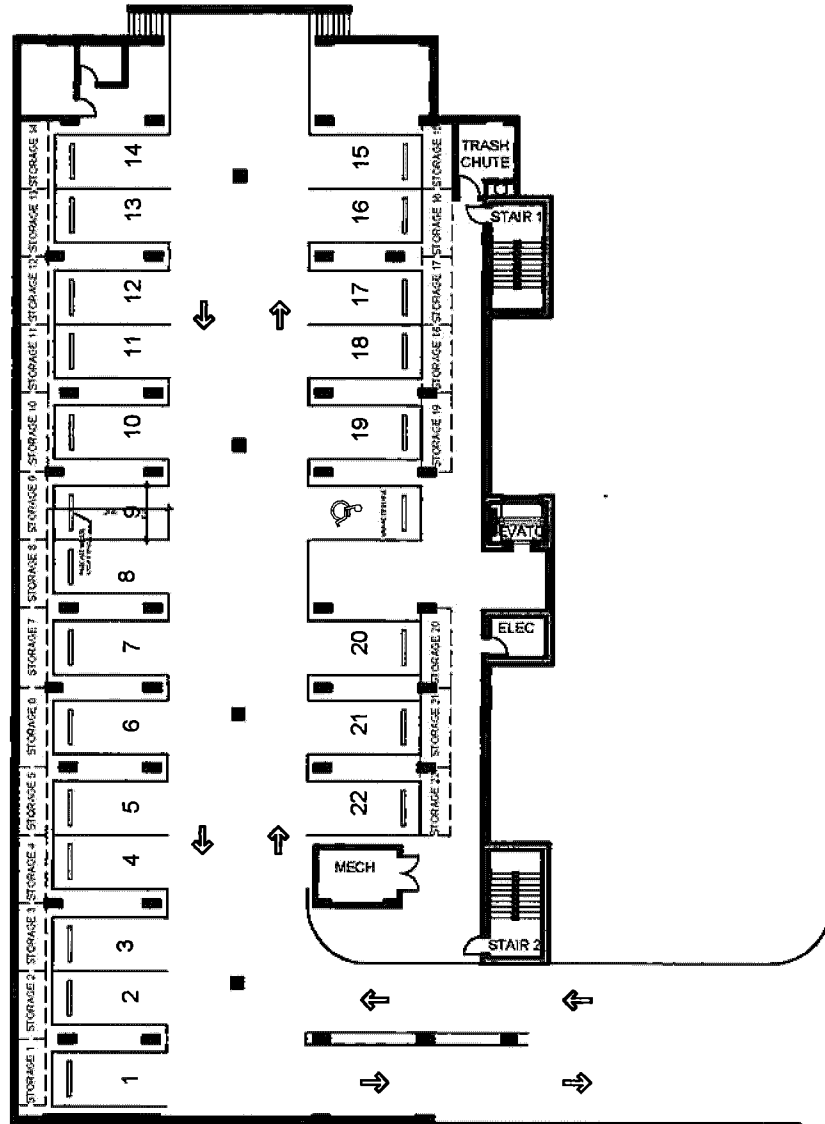

1/32"=1'-0"



	COMMON AREA	2,546 SQ.FT.
	RESIDENTIAL AREA	0 SQ.FT.
	LIMITED COMMON AREA	0 SQ.FT.
	TOTAL	13,186 SQ.FT.

ROOF FLOOR PLAN


1/32"=1'-0"



	COMMON AREA	15,732 SQ.FT.
	RESIDENTIAL AREA	0 SQ.FT.
	LIMITED COMMON AREA	0 SQ.FT.
TOTAL		15,732 SQ.FT.

15,732 SQ FT

PARKING PLAN

1/32"=1'-0"

EXHIBIT "E": UNIT PLANS

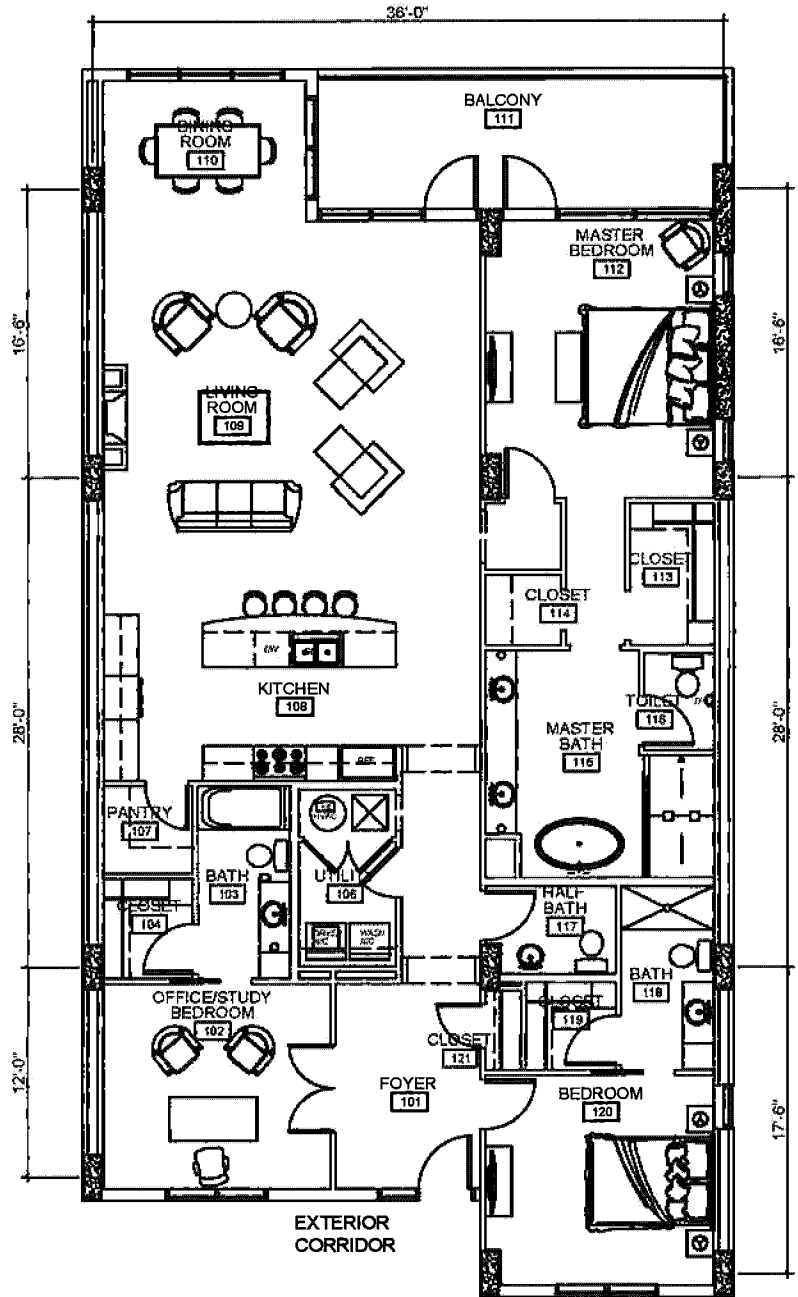
**IN THE CHARLES HORIZONTAL PROPERTY
REGIME
UNIT NUMBERS, 101, 201, 301, 401**

AREA SHOWN BY CALCULATING FROM
UNDECORATED OR UNFINISHED INTERIOR OF
PERIMETER WALLS.

HEATED	2090
BALCONY	180
TOTAL	2270

AREA SHOWN USING STANDARD
ARCHITECTURAL MEASURING METHODS FROM
CENTER OF INTERIOR WALL TO OUTSIDE OF
EXTERIOR WALL

HEATED	2255
BALCONY	180
TOTAL	2435



UNIT A END FLOOR PLAN

3/32"=1'-0"

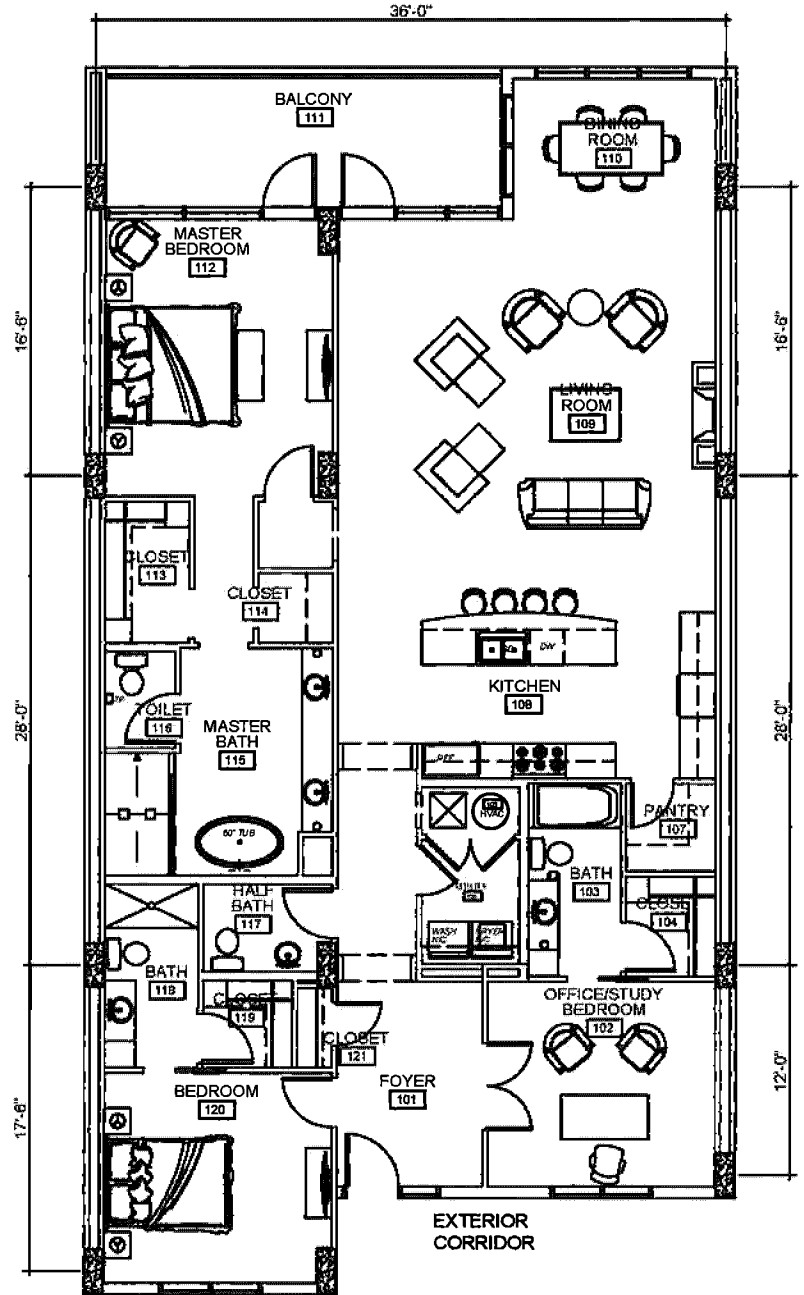
IN THE CHARLES HORIZONTAL PROPERTY
REGIME
UNIT NUMBERS, 102, 202, 203, 302, 303, 402, 403,
502

AREA SHOWN BY CALCULATING FROM
UNDECORATED OR UNFINISHED INTERIOR OF
PERIMETER WALLS.

HEATED 2090
BALCONY 180
TOTAL 2270

AREA SHOWN USING STANDARD
ARCHITECTURAL MEASURING METHODS FROM
CENTER OF INTERIOR WALL TO OUTSIDE OF
EXTERIOR WALL

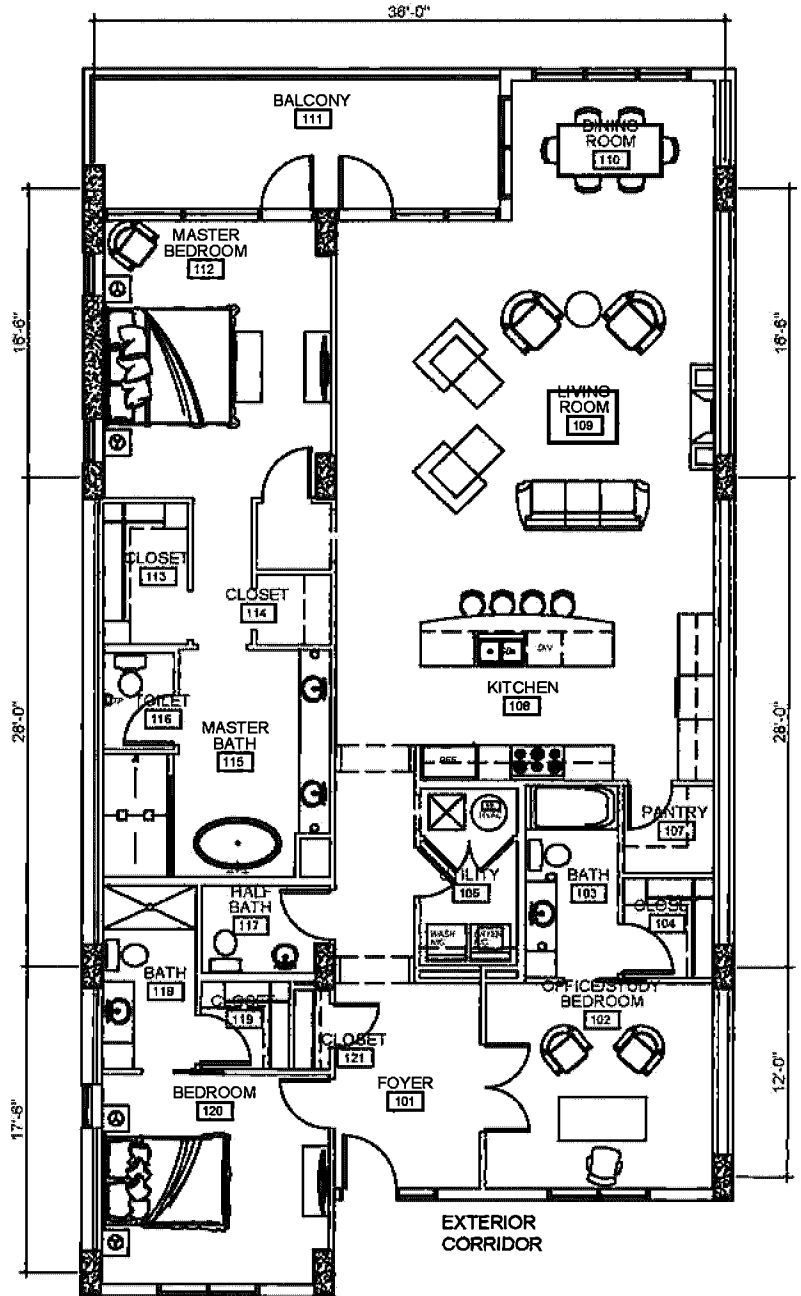
HEATED 2219
BALCONY 180
TOTAL 2399



UNIT A OPP FLOOR PLAN

3/32"=1'-0"

<p>IN THE CHARLES HORIZONTAL PROPERTY REGIME UNIT NUMBERS, 105, 205, 305, 405</p>	
<p>AREA SHOWN BY CALCULATING FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS.</p>	
HEATED	2090
BALCONY	180
TOTAL	2270
<p>AREA SHOWN USING STANDARD ARCHITECTURAL MEASURING METHODS FROM CENTER OF INTERIOR WALL TO OUTSIDE OF EXTERIOR WALL</p>	
HEATED	2255
BALCONY	180
TOTAL	2435



UNIT A END OPP FLOOR PLAN

3/32"=1'-0"

IN THE CHARLES HORIZONTAL PROPERTY
REGIME
UNIT NUMBERS, 204, 304, 404

AREA SHOWN BY CALCULATING FROM
UNDECORATED OR UNFINISHED INTERIOR OF
PERIMETER WALLS.

HEATED 2090

BALCONY 180

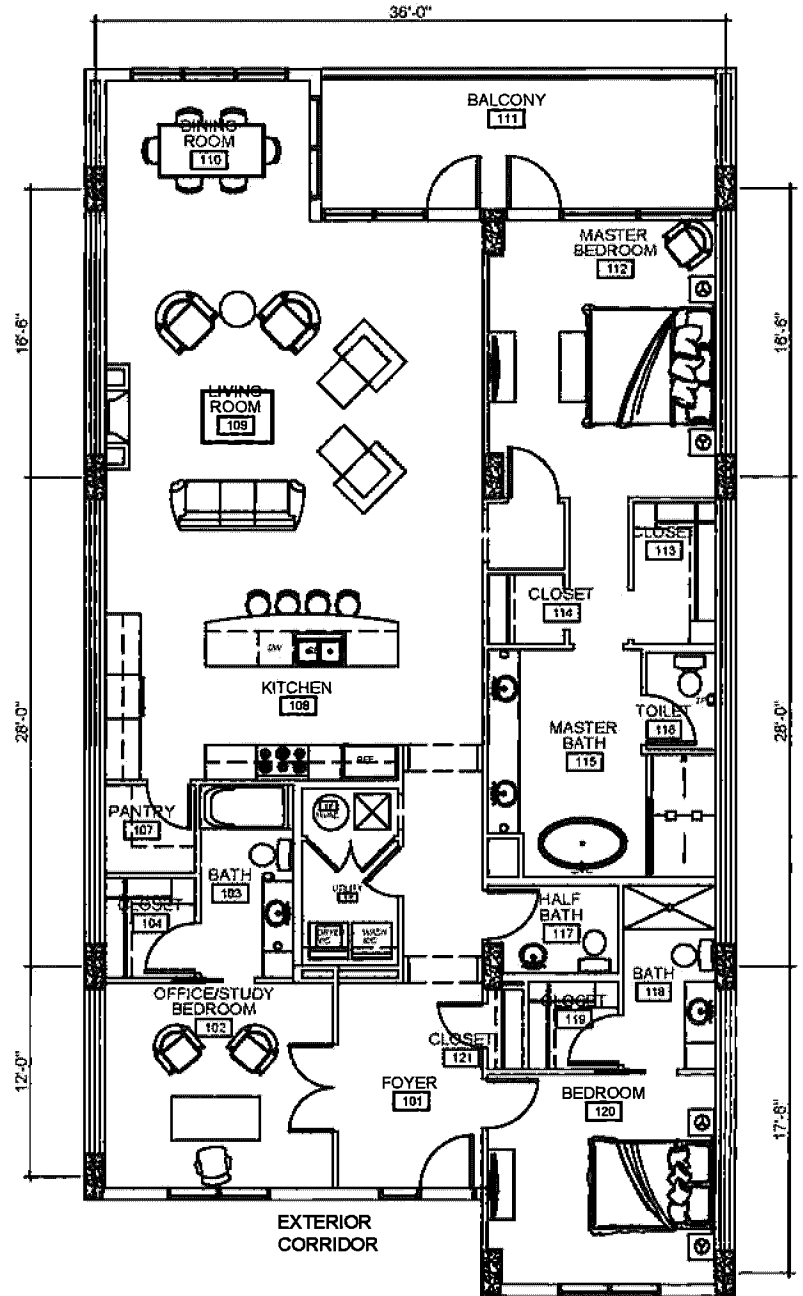
TOTAL 2270

AREA SHOWN USING STANDARD
ARCHITECTURAL MEASURING METHODS FROM
CENTER OF INTERIOR WALL TO OUTSIDE OF
EXTERIOR WALL

HEATED 2219

BALCONY 180

TOTAL 2399



UNIT A FLOOR PLAN

3/32"=1'-0"

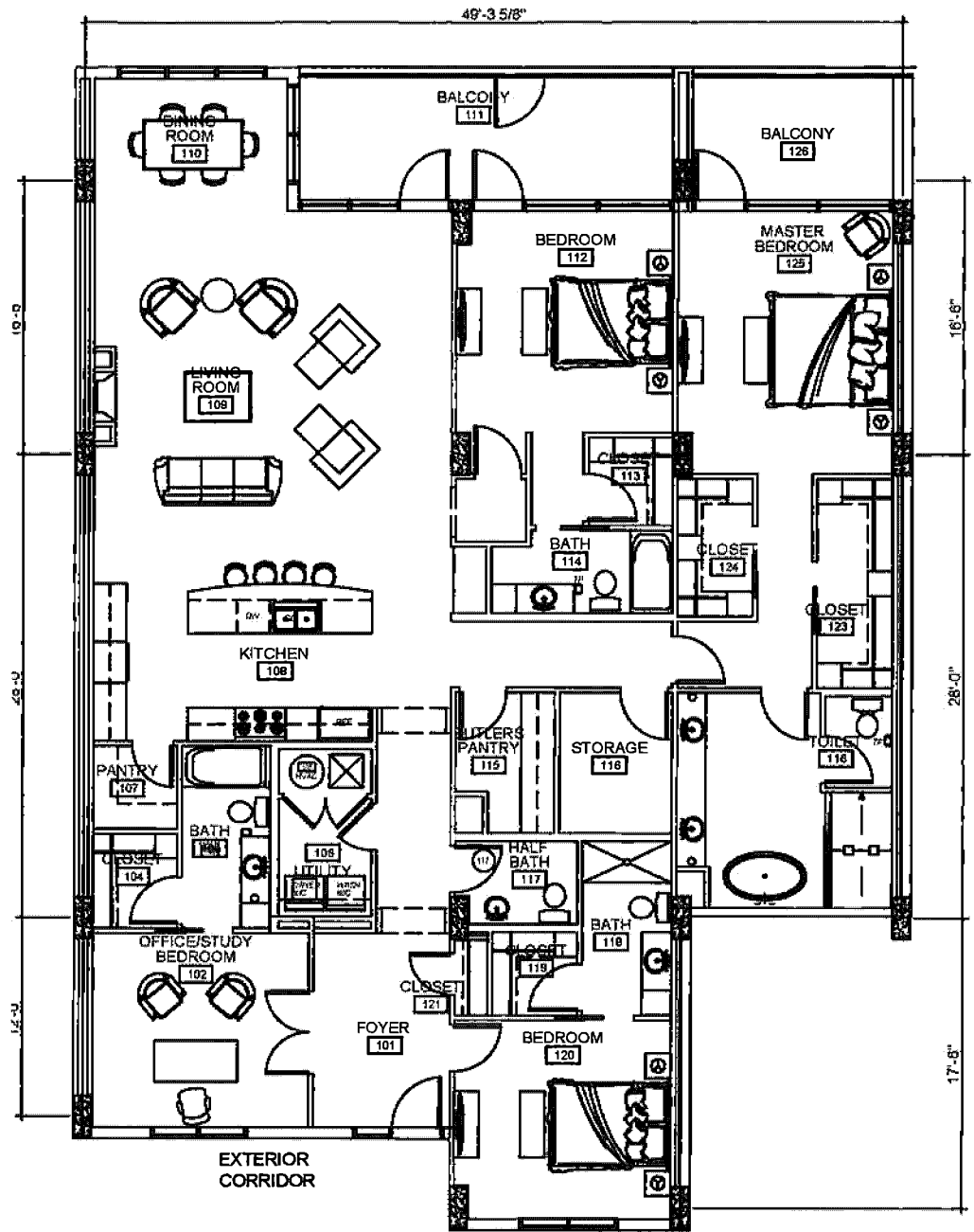
IN THE CHARLES HORIZONTAL PROPERTY
REGIME
UNIT NUMBERS, 104

AREA SHOWN BY CALCULATING FROM
UNDECORATED OR UNFINISHED INTERIOR OF
PERIMETER WALLS.

HEATED	2649
BALCONY	280
TOTAL	2929

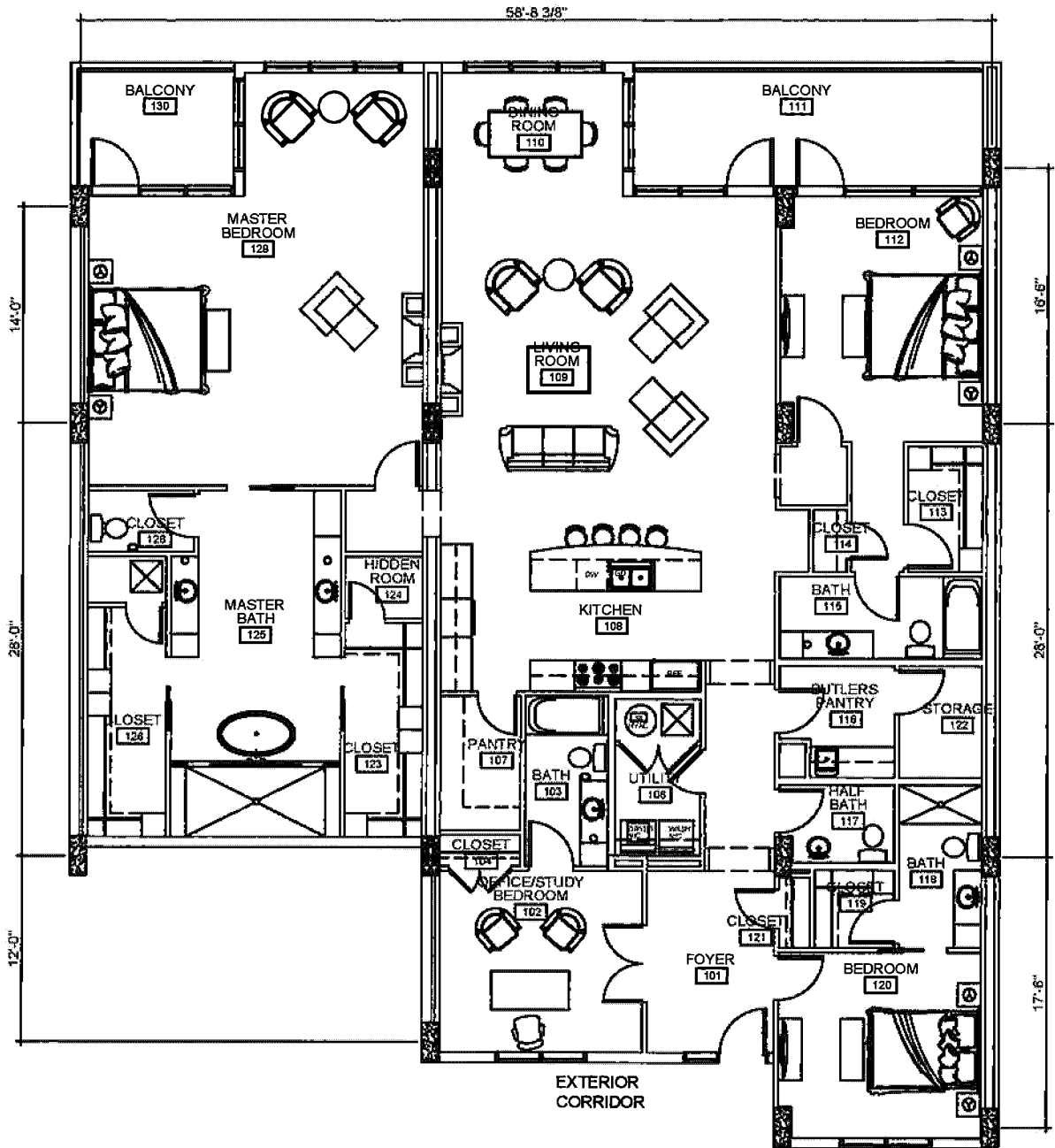
AREA SHOWN USING STANDARD
ARCHITECTURAL MEASURING METHODS FROM
CENTER OF INTERIOR WALL TO OUTSIDE OF
EXTERIOR WALL.

HEATED	2794
BALCONY	280
TOTAL	3074



UNIT B FLOOR PLAN

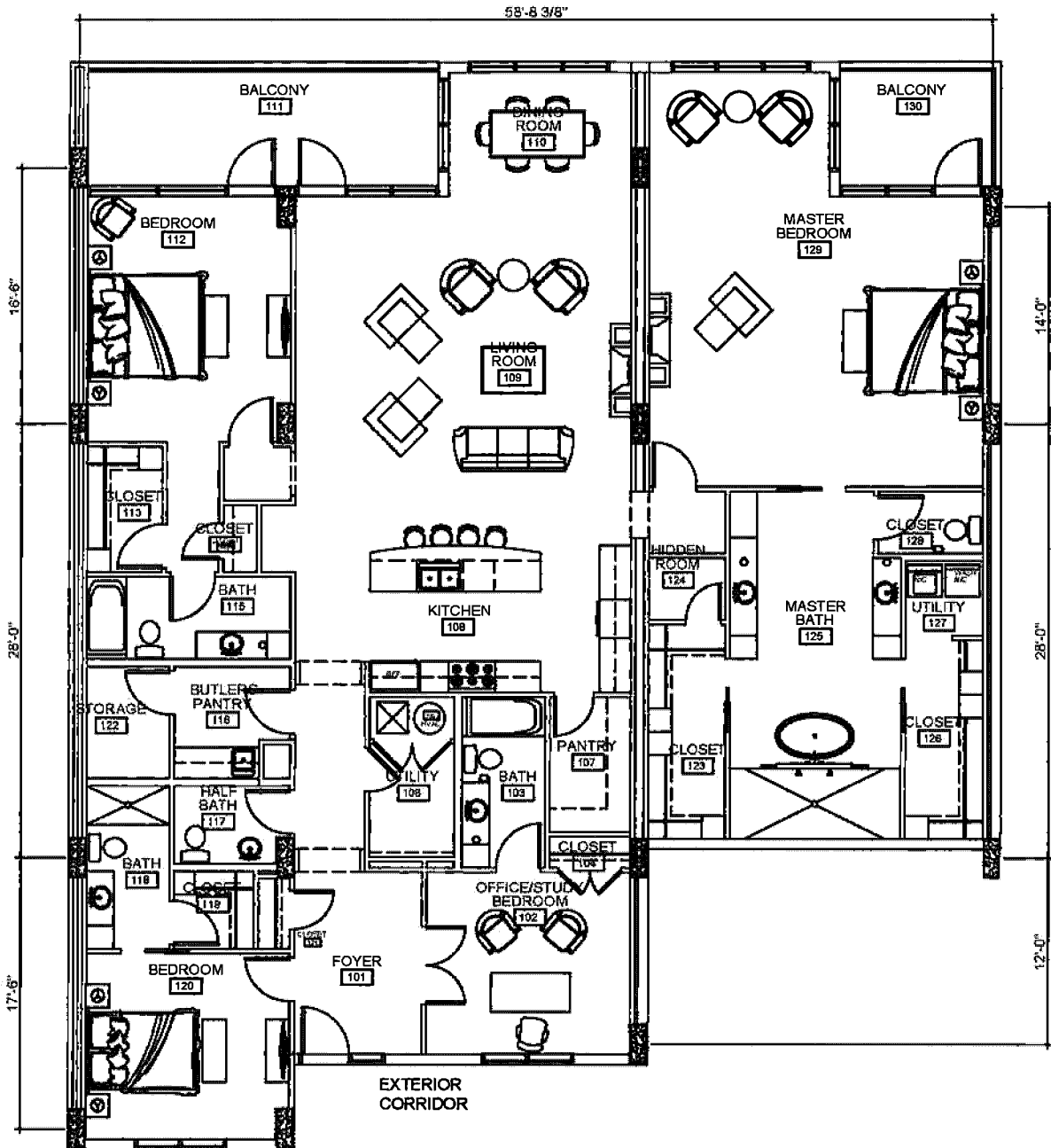
3/32"=1'-0"



IN THE CHARLES HORIZONTAL PROPERTY REGIME UNIT NUMBERS, 503	
AREA SHOWN BY CALCULATING FROM UNDECORATED OR UNFINISHED INTERIOR OF PERIMETER WALLS.	
HEATED	3132
BALCONY	280
TOTAL	3412
AREA SHOWN USING STANDARD ARCHITECTURAL MEASURING METHODS FROM CENTER OF INTERIOR WALL TO OUTSIDE OF EXTERIOR WALL	
HEATED	3325
BALCONY	280
TOTAL	3605

UNIT C OPP FLOOR PLAN

3/32"=1'-0"



IN THE CHARLES HORIZONTAL PROPERTY
REGIME
UNIT NUMBERS, 501

AREA SHOWN BY CALCULATING FROM
UNDECORATED OR UNFINISHED INTERIOR OF
PERIMETER WALLS.

HEATED	3132
BALCONY	280
TOTAL	3412

AREA SHOWN USING STANDARD
ARCHITECTURAL MEASURING METHODS FROM
CENTER OF INTERIOR WALL TO OUTSIDE OF
EXTERIOR WALL

HEATED	3325
BALCONY	280
TOTAL	3605

UNIT C FLOOR PLAN

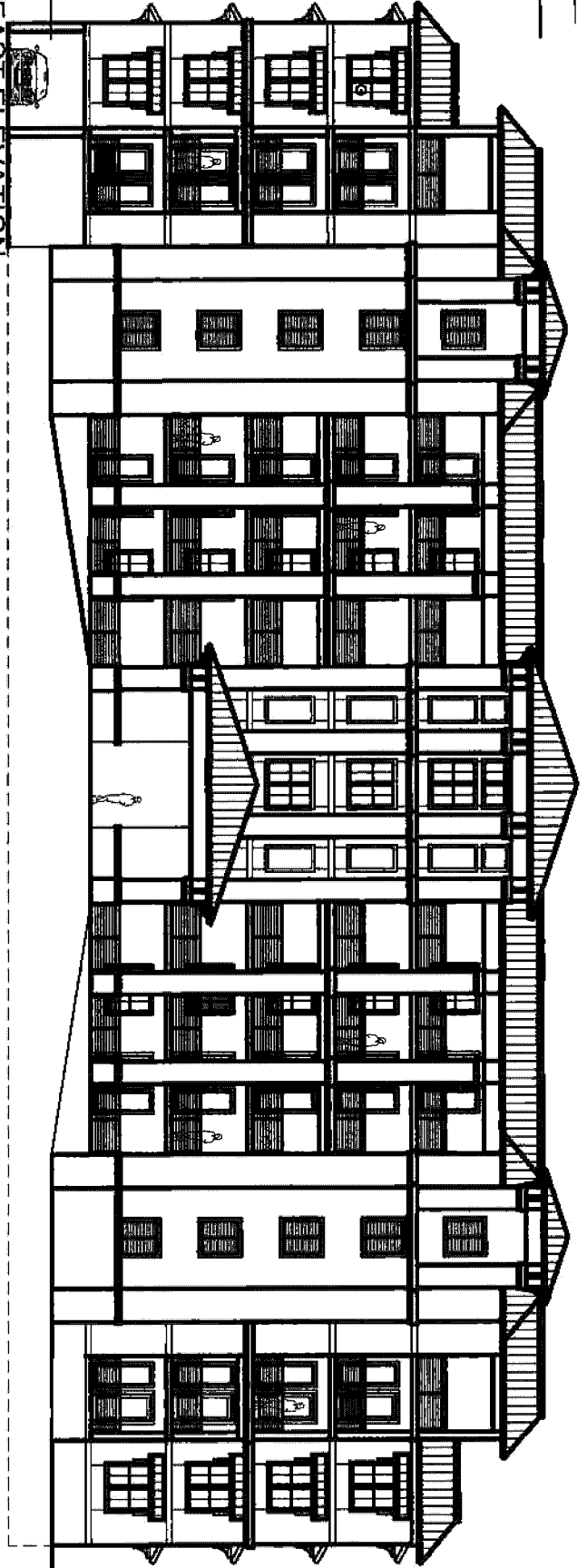
3/32"=1'-0"

EXHIBIT "F": ELEVATIONS

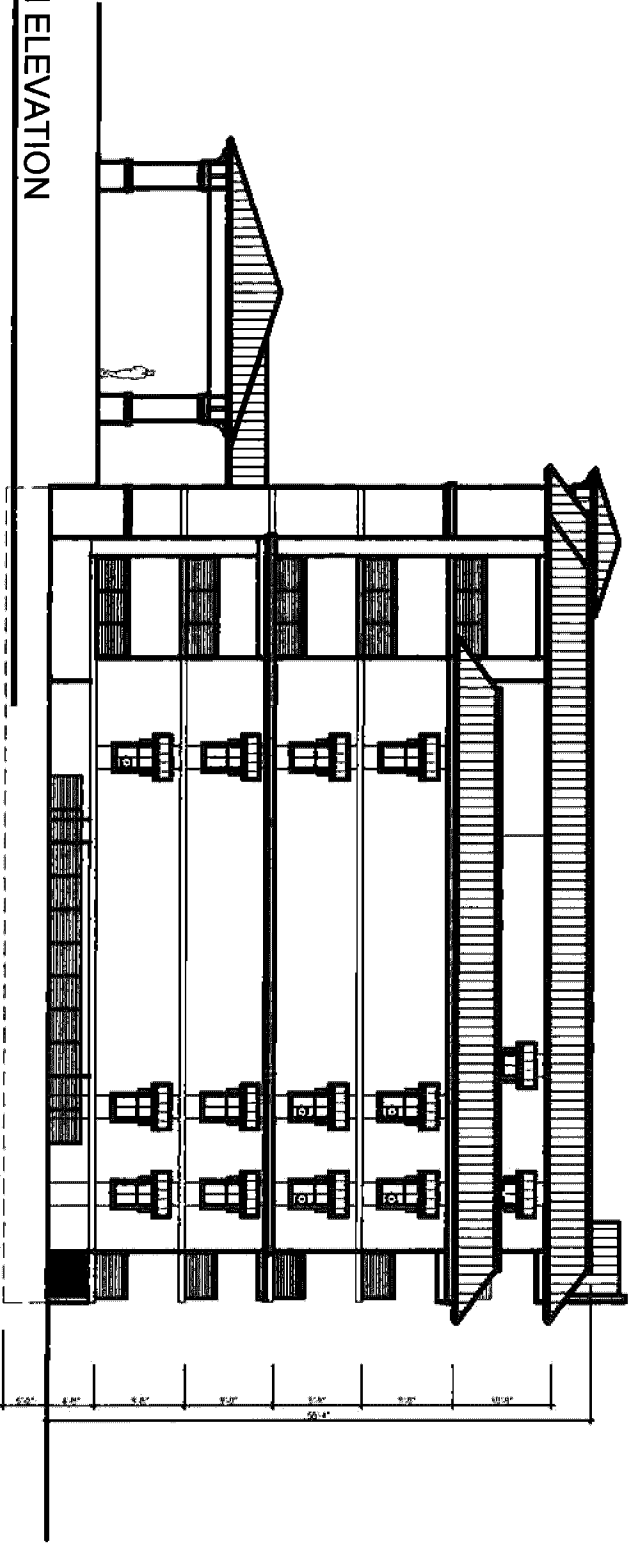
WEST ELEVATION



EAST ELEVATION



NORTH ELEVATION



SOUTH ELEVATION

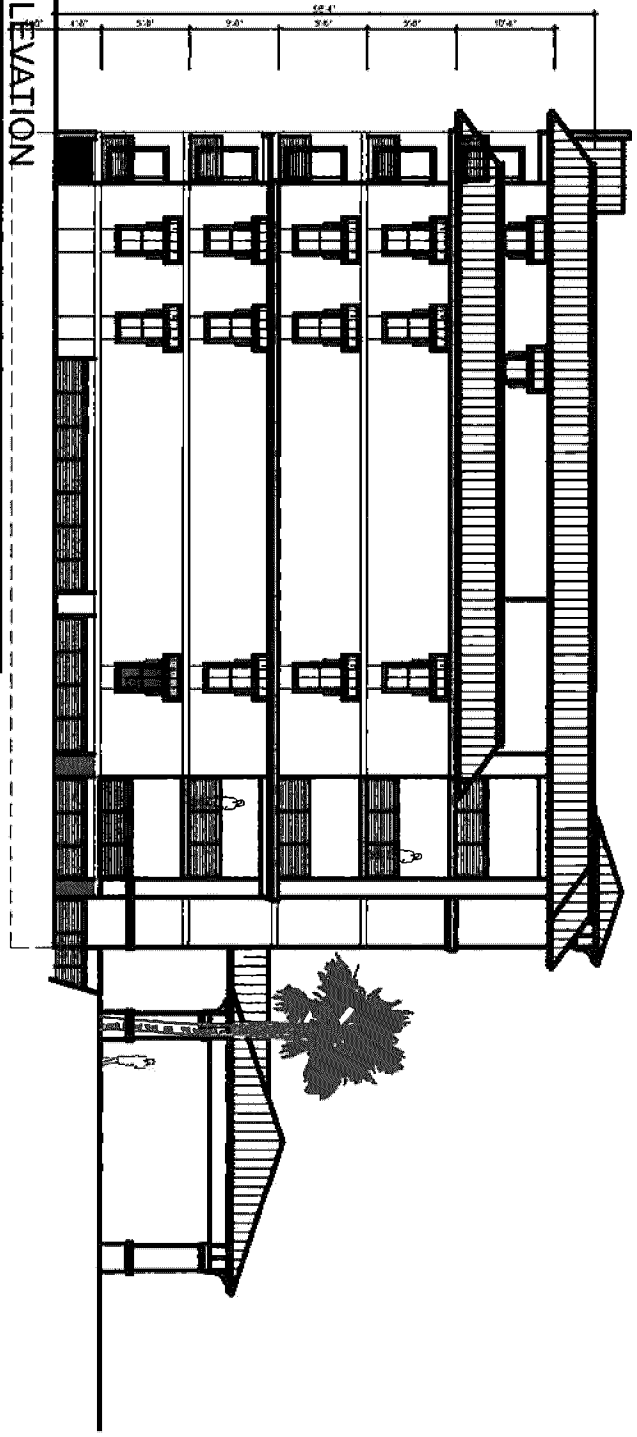


EXHIBIT "G": UNITS AND APPROXIMATE SQUARE FOOTAGE

UNIT NUMBER

UNIT AREA (APPROXIMATE SQ. FT. EXCLUDING BALCONIES)

FIRST FLOOR

101	2108
102	2108
104	2665
105	2108

SECOND FLOOR

201	2108
202	2108
203	2108
204	2108
205	2108

THIRD FLOOR

301	2108
302	2108
303	2108
304	2108
305	2108

FOURTH FLOOR

401	2108
402	2108
403	2108
404	2108
405	2108

FIFTH FLOOR

501	3150
502	2108
503	3063

EXHIBIT "H": PERCENTAGE INTERESTS IN COMMON ELEMENTS

NOTE: "Value" as shown below is set forth for the sole purpose of complying with the provisions of the Act regarding establishing Percentage Interests. "Value" does not necessarily relate to actual square footage, current or future property value, or sales price of the Units. If a Unit is subdivided or two or more Units are consolidated into a single Unit pursuant to Section 2.3 of the Master Deed, the Percentage Interest for the resulting Units shall be allocated as set forth in Section 2.3. The Declarant or the Board of Directors of the Association shall have authority to correct any mathematical error in calculation of Percentage Interests by recording an amended Exhibit H.

The Percentage Interest after all 22 Units are subject to the Master Deed will be as follows:

<u>UNIT #</u>	<u>UNIT VALUE</u>	<u>PERCENTAGE INTEREST</u> <u>(OF 100% CUMULATIVE)</u>
<u>FIRST FLOOR</u>		
101	2108	4.30819 %
102	2108	4.30819 %
104	2665	5.44650 %
105	2108	4.30819 %
<u>SECOND FLOOR</u>		
201	2108	4.30819 %
202	2108	4.30819 %
203	2108	4.30819 %
204	2108	4.30819 %
205	2108	4.30819 %
<u>THIRD FLOOR</u>		
301	2108	4.30819 %
302	2108	4.30819 %
303	2108	4.30819 %
304	2108	4.30819 %
305	2108	4.30819 %
<u>FOURTH FLOOR</u>		
401	2108	4.30819 %
402	2108	4.30819 %
403	2108	4.30819 %
404	2108	4.30819 %
405	2108	4.30819 %

FIFTH FLOOR

501	3150	6.4380 %
502	2108	4.30819%
503	3063	6.2599 %

TOTAL VALUE= 48,930

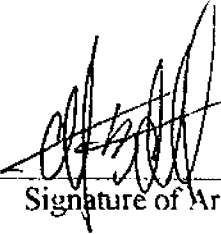
TOTAL 100%

EXHIBIT "I": ARCHITECT'S CERTIFICATION

In accordance with the requirements of SC Code Section 27-31-110, the undersigned certifies that (a) the Plot Plan of the proposed construction in Exhibit C shows the location of the Building and other improvements and (b) the Floor Plans, Unit Plans and Elevations set forth in Exhibits D, E and F, respectively, graphically show the dimensions, area and location of each Unit therein and the dimensions, area and location of Common Elements affording access to each Unit therein, all within normal design, construction and plan tolerances.

Date: 2.21.23

For:


Signature of Architect

Printed Name: CLINT BURDETT

EXHIBIT "J": INITIAL RULES AND REGULATIONS

THE CHARLES HORIZONTAL PROPERTY REGIME RULES AND REGULATIONS

In order to create a congenial, pleasant, safe and dignified living and working atmosphere that is respectful of the concerns of Co-Owners of Units, these Rules and Regulations have been adopted. These Rules and Regulations supplement the Master Deed of the Regime and the Bylaws of the Association. They apply to Co-Owners and Occupants (that is, any individual lawfully occupying a Unit, including, without limitation, any Co-Owner or tenant, their resident family members, and their guests, invitees, employees and licensees).

1. Usage of Units.

A. Units: Units shall be used for residential purposes. Private business activities may be conducted in a Unit as long as such use is incidental to the primary residential use of the Unit and does not violate any applicable law or covenant, involve any exterior signage or advertising of the Unit as a place of business, require frequent visits by clients, customers or business associates to the Property, or unduly contribute to parking, traffic, telecommunications or security problems for the Property, all in the sole opinion of the Board of Directors.

B. Other Permitted Uses of Units: The provisions above shall not preclude (i) such business activity of the Association or any Management Agent as is reasonably required for the effective operation of the Property or any Unit, (ii) showing of any Unit for sale or permitted leasing or rental purposes during normal business hours in accordance with any procedures established by the Board of Directors to preserve a congenial, pleasant, safe and dignified living and work atmosphere, or (iii) business operations of the Declarant, its agents, successors or assigns during the period of constructing and marketing the Property.

C. Timesharing and Rentals of Units: Pursuant to Section 10.3 of the Master Deed, Units shall not be divided into or operated as "timeshares" or interval ownership segments. Units shall not be rented for a period of less than one year; provided, however, if a Unit requires renovation, maintenance or repairs that reasonably preclude a rental term of at least one year, the Board of Directors, in its sole discretion, may authorize a rental period of less than one year, with such additional conditions as the Board of Directors shall determine.

2. Prohibited Uses.

The Owner and Occupants of a Unit shall not permit or allow anything to be done on the Property that will, in the sole reasonable opinion of the Board of Directors or Management Agent, (i) materially increase the insurance rates on the Unit or the Common Elements over those rates that would reasonably be anticipated from use of the Unit for its normal purposes, (ii) obstruct or interfere with the rights of other Co-Owners or the Association, or (iii) violate any law, permit or regulation of a governmental body.

3. Owner Responsible for Conduct of Others in Unit.

Each Co-Owner shall be responsible to the Association for the results of the actions or omissions of Occupants of the Unit and their pets while on the Property, but the responsibility of the Co-Owner shall not relieve any Occupant of the Unit from any liability to the Association or any other Person for their acts.

4. Access to Units and Residential Limited Common Elements.

Access for personal guests or invitees to the Unit may be authorized by Co-Owners and Occupants (including tenants) who are not less than sixteen (16) years old. Personal guests and invitees may not authorize access for others unless authorized to do so by the Board of Directors or the Management Agent. Only persons with proper authorization may remain on the Property. The Board of Directors and Management Agent may establish additional check-in or sign-in procedures and time limits for vendors, suppliers, repair and service personnel, etc. Upon request of the Management Agent or its employee, an Association employee, a law enforcement official, security personnel retained by the Association, or any Co-Owner or Occupant who is sixteen (16) years of age or older, a person on the Property shall provide proper identification and, if purportedly an authorized guest or invitee of a Co-Owner or Occupant, shall provide the name, Unit number and telephone number of the person who authorized access for the person.

5. Pets.

A. In Units: No animals, livestock, reptiles, fowl or poultry shall be raised, bred or kept in Units or Limited Common Elements, except that no more than two (2) dogs, cats or other non-exotic household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose and are housed within the Unit. Such household pets must not constitute a nuisance or cause unsanitary conditions. Frequent or continuing barking or howling of a dog or any other frequent or continuing noise caused by a pet that is clearly audible in another Unit shall be a nuisance.

B. Use of Common Elements: Pets shall not be allowed on Common Elements (other than Limited Common Elements serving only the Unit in which the pet is kept) unless the pet acts in a non-threatening way to other persons and is under leash or is carried by a responsible person. Any pet excrement left on Common Elements shall be immediately removed.

C. Determination of Compliance: The Board of Directors shall have the right to determine, in its sole discretion, whether a particular pet meets the criteria set forth in this Section 5, and, if not, it may require the owner or keeper of the pet to remove such pet from the Property.

6. Offensive Activities.

Noxious, offensive or illegal activities shall not be carried out on the Property, and nothing shall be done thereon that reasonably is an annoyance or nuisance to the Occupants of other Units or persons properly using the Common Elements. Without limiting the generality of this provision, the following shall not be permitted on the Property: (a) speakers, horns, whistles, bells or other devices that emit sounds that are clearly audible in another Units or the Common Elements (other than

Limited Common Elements serving only the Unit), except security and fire alarm devices or other devices expressly approved by the Board of Directors or Management Agent, or (b) unusually bright, flashing or pulsating lights that are visible from another Unit or the Common Elements (other than Limited Common Elements serving only the Unit).

7. Signs and Mail Receptacles.

A. Signs: No signs, advertisements, notices posters, circulars or billboards (together "Signs") shall be posted on Common Elements or any portion of a Unit that is visible from another Unit without the permission of the Board of Directors or Management Agent. Until all Units have been conveyed by Declarant, the preceding sentence shall not apply to Declarant or its agents. The Board of Directors or Management Agent may identify Common Elements reserved for Signs, and may establish restrictions regarding size, coloring, lettering, time of display, location, and quality of construction for Signs. This provision shall not apply to any Sign that is part of the original construction of the Property or any replacement therefor that is substantially the same as the original Sign. The Board of Directors may establish restrictions regarding size, coloring, lettering, time of display, location, and quality of construction for signs. Clearly offensive, lewd or pornographic wording, graphics or symbols shall not be permitted.

B. Mail Receptacles; Name Signs. The Board of Directors may issue specifications for and/or approve as the location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similar delivered materials; property identification markers; and name signs.

8. Visible Attachments and Telecommunications Equipment.

A. Visible Attachments. Attachments to a Unit or a Limited Common Element that would be visible from any other Unit or any portion of the Common Elements, including Limited Common Elements, (such as, without limitation, balcony or deck fans, benches, awnings, light fixtures, shutters, shades, speaker systems, flags, etc.) must be approved, and, if approved, must be reasonably uniform in appearance and location in order to preserve the visual harmony of The Charles.

B. Telecommunications Equipment. Unless otherwise expressly permitted in writing by the Board of Directors or the Management Agent, no television, radio or other telecommunications antenna, aerial, component or dish shall be erected on a Unit or the Common Elements, including Limited Common Elements, in a manner that causes it to be visible from another Unit or the Common Elements (other than Limited Common Elements serving only the Unit in which it is located). No telecommunications equipment installed on the Property shall unreasonably interfere with the operation of normal telephone, television, internet or other telecommunications systems for other Units, as determined by the Board of Directors.

9. Approval of Modifications.

A. General Rule. Unless otherwise expressly permitted in writing by the Association, no painting, decoration, attachment to, or modification of a Unit or Common Element (including any Limited Common Element) that would be visible from any other Unit or any portion of the Common Elements (other than Limited Common Elements serving only the Unit), and no modification of the structural, mechanical, electrical or plumbing systems of a Unit shall be permitted until plans showing the nature, shape, dimensions, materials, color and location thereof have been submitted to and approved by the Association. Approval by the Association shall not be required for (a) replacement or repair of a mechanical, electrical or plumbing component within a Unit or a Limited Common Element serving only the Unit by a component of equal or better quality that is compatible with other systems in the Unit and the Building and complies with applicable codes, or (b) remodeling, painting or redecorating a Unit in a manner that was previously approved by the Board.

B. Review Procedure. The Association shall have fifteen (15) business days from receipt of all required information to review the submitted information. It may approve, reject or modify the proposed plans based on its perception of the consistency and harmony of the plans with the Master Deed, applicable codes, the original structure and Plans, and other practical and aesthetic factors deemed appropriate by the Association. If notice of approval, disapproval, proposed modification or a request for additional information is not received by the submitting Owner within such fifteen (15) business days period, the plans submitted shall be deemed approved.

C. Review Fees and Deposits. The Board of Directors may establish and charge reasonable fees (i) for review of applications for proposed modifications, and (ii) to provide reasonable funds to offset possible costs to the Association for failure of an applicant or its agent to perform in accordance with the Governing Documents or the approved application (such as, without limitation, fees for cleanup of debris created by the work). Such fees may include costs incurred by the Association in causing an application to be reviewed by architects, engineers, builders, interior designers, or other consultants selected by the Association. The Board of Directors may require such fees to be paid in full prior to review of any application. Any deposits remaining after the completion of the approved work shall be promptly refunded to the applicant or the applicant's designee.

D. Trash Caused by Modifications. Any trash generated by construction, remodeling, decorating, repair or renovation of a Unit shall be handled in accordance with a written plan approved by the Board of Directors or Management Agent and as required by applicable laws. Any cost of cleanup and removal of such trash shall be the obligation of the Co-Owner unless otherwise expressly approved by the Board of Directors.

E. Modifications Committee. The Board may, in its sole discretion, by written resolution, appoint a "Modifications Committee" (or delegate to the Managing Agent) to implement and coordinate provisions of this Section. If there is a Modifications Committee, it shall consist of at least three persons who shall be appointed and serve at the discretion of

the Board. The persons appointed may be, but need not be, Co-Owners or Directors, and may include such individuals as the Board shall determine from time-to-time, such as, without limitation, architects, engineers, builders, interior designers, or other consultants.

F. Codes and Ordinances. Compliance with the above procedures is not a substitute for compliance with other applicable building, zoning, subdivision and development standards ordinances and codes, or other covenants that may apply to the work. The Association, the Management Agent, and their respective officers, employees and agents shall not be responsible for any defects in any plans or specifications approved by the Association, nor for any defects in any work done according to such plans and specifications.

10. Trash.

Trash, garbage or other waste shall be placed in areas designated by the Board of Directors or the Management Agent. Trash, garbage or waste shall be separated as required by applicable laws and covenants. Except when moving trash, garbage or waste to designated disposal or pickup areas, it shall be kept in closed, sanitary containers inside the Unit. Household trash, garbage or waste deposited at designated disposal or pickup areas shall be stored in sealed plastic bags. Unless otherwise expressly approved in writing by the Board of Directors or Management Agent, trash, garbage or other waste shall not be left on open decks, patios or terraces or in Common Elements, such as corridors, lobbies, steps, elevators, steps, parking areas, driveways or pathways, not expressly intended for such storage.

11. Obstruction of Corridors, Lobbies, Steps, Elevators, etc.

Unless otherwise expressly approved in writing by the Board of Directors or Management Agent, corridors, lobbies, steps, elevators, steps and driveways or pathways for ingress and egress shall be used for no other purpose other than normal transit through them. Corridors, lobbies, steps, elevators, parking areas, driveways or pathways shall not be used as play areas.

12. Parking.

A. Parking Spaces and Storage Areas Generally. Parking spaces and parking floor storage areas are Common Elements. Subject to any obligation in the Master Deed to provide a defined number of parking spaces or storage areas in the Building to Co-Owners, the Board of Directors may (i) assign (and re-assign from time to time) parking spaces or parking floor storage areas for the exclusive use of a specified Unit or Units and (ii) impose restrictions on the use of any parking spaces.

B. Use of Parking Spaces. Unit Occupants and agents, guests or invitees of Unit Occupants shall not (a) park any vehicle except in the parking floor parking space(s) reserved for that Unit, as determined by the Board of Directors, unless expressly permitted by the Owner or tenant of the Unit having the right to park in such parking space, or (b) park in such a manner as to unreasonably impede ready access to a parking floor parking space assigned to another Unit.

C. Registration of Vehicles with Association. All parked vehicles shall be operable and properly licensed. The Board of Directors may require that vehicles parked in a parking

space (a) be registered with the Management Agent, (b) display a sticker or permit specified by the Management Agent, and (c) comply with such other procedures as may be approved by the Board of Directors.

D. Use Only by Occupants: Rental of Parking Spaces.

1. Use Only by Occupants. Parking spaces shall only be rented or assigned for use to persons who are Occupants of Units. Parking spaces assigned to Units shall not be rented or assigned for use for periods that exceed the period during which the renter or assignee is an Occupant. All parking space use by Occupants shall terminate upon conveyance of the Unit to which the parking space is assigned unless otherwise expressly approved in writing by the Board of Directors or the Management Agent.

2. Rental of Parking Spaces. If the Occupants of a Unit do not require use of a parking space assigned to the Unit, and the Co-Owner of the Unit wishes to rent or assign use of the parking space to Occupants of other Units, the Co-Owner of such Unit shall notify the Board of Directors or the Management Agent of the period during which such rental or assignment is available and the rental amount, if any, that the Co-Owner will accept. The Board of Directors or the Management Agent shall maintain a list of such available parking spaces for review by Occupants and Co-Owners. The Board of Directors may establish reasonable procedures for documenting the rental or assignment of a parking space. Nothing shall preclude the Association from using or renting an available parking space for visitor parking or other uses.

E. Use by Non-Automotive Vehicles. Motorcycles, motor scooters, golf carts or other authorized motorized non-automotive vehicles shall be parked or stored only in parking spaces assigned to the Owner or Occupant having control of such vehicle.

F. One Vehicle Per Parking Space. Unless otherwise expressly approved by the Management Agent, only one vehicle shall be parked in a parking space.

G. Bicycles. Bicycles shall only be parked in areas specifically designated for such use by the Board of Directors or the Management Agent.

H. Loss. The Association and the Management Agent shall not be responsible for any loss of, or damage to, vehicles, non-automotive vehicles, articles within parked vehicles, or bicycles.

13. Unauthorized Vehicles and Uses; Towing.

A. Unauthorized Vehicles. Unless otherwise expressly approved by the Board of Directors or the Management Agent, no unlicensed or inoperable vehicle, mobile home, boat or boat trailer, "U-Haul"-type trailer or other trailer, camper, motor vehicle with sleeping facilities, bus, or truck or commercial vehicle over one (1) ton capacity shall be parked or stored on the Property; provided that trucks and other commercial vehicles that will reasonably fit into a designated parking space or other space approved by the

Board of Directors or Management Agent shall be permitted on the Property for loading, unloading or maintenance services during normal business hours. Emergency vehicles shall be permitted on the Property at any time when reasonably required.

B. Vehicle Repairs. Vehicle repairs on the Property shall be limited to minor emergency repairs requiring a short period for completion, such as replacement or charging of a dead battery or repair of a flat tire.

C. Towing. Vehicles violating these Rules and Regulations may be towed at the sole cost and risk of the violator and without notice to the violator.

14. No Liability for Stored Goods.

The Association and Management Agent shall not be responsible for any loss of or damage to goods stored by Co-Owners or Occupants in any Common Element or Limited Common Element approved by the Board of Directors for such purpose.

15. Storage; Protection of Elevators and Stairs.

Co-Owners or Occupants and their agents shall (a) use appropriate pads to protect elevators and stairs when moving furniture or equipment, and (b) be responsible for damage to elevators or stairs caused in such moving.

16. Responsibility for Damage to Common Elements.

If any maintenance, repair, or replacement of any portion of another Unit or the Common Elements is required because of the negligent or willful act or omission of a Co-Owner or Occupant of a Unit, then such Co-Owners and Occupant shall be responsible for such maintenance, repair, or replacement. (For further provisions, see Article 4 of the Master Deed.)

17. Keys, Locks and Emergency Access to Units.

In order to respond to emergency situations or deal with problems in adjacent areas, each Co-Owner shall provide to the Management Agent a passkey for the Unit of the Owner. The key shall be kept in a locked space under the control of the Management Agent. Except in situations reasonably believed to be emergencies or situations in which access is reasonably believed to be needed to prevent damage to the Unit or other areas, access to a Unit shall occur only during normal business hours and then, whenever practicable, only upon advance notice to the Co-Owner of the Unit. If a Unit lock is modified so as to require a different key, within one (1) business day thereafter, the Co-Owner shall notify the Management Agent and provide a replacement key to the Management Agent.

18. Solicitations.

Persons soliciting contributions or the purchase of goods or services, and persons seeking to distribute materials, brochures or information to Unit Occupants or may be denied access to the Property unless (a) expressly required by law or (b) expressly invited, by name, as a guest of a specific Co-Owner or Occupant, in which event the person invited shall limit the solicitation to the person(s) expressly inviting them.

19. Grills and Outside Cooking.

Because of safety and insurance concerns or applicable ordinances and regulations, only electric grills are permitted for use in Units or on balconies. Grills burning charcoal, gas, wood, paper or other flammable materials are prohibited. Use of permitted grills shall follow proper procedures for fire prevention, cleanup, and smoke and odor control.

20. Penalties for Violations.

A. In the event of failure to comply with these Rules and Regulations, the Board of Directors shall take such action as it determines is appropriate to enforce the Rules and Regulations or to remedy the problem caused by the failure to comply. Without waiver of any other enforcement rights that the Board of Directors, the Association or any Co-Owner may have under the Governing Documents or applicable law, the Board of Directors may also impose a Special Assessment on the applicable Unit of up to \$250 for each violation of these Rules and Regulations.

B. For an initial violation, the Board of Directors shall give the non-complying Co-Owner or occupant of the applicable Unit written notice of the violation and, if desired, the action that is required in order to cure the violation. Unless otherwise provided in the Master Deed or these Rules and Regulations, or unless the Board of Directors or Management Agent determines that the violation may constitute a safety hazard, violation of law or an emergency situation, the Co-Owner or occupant shall have 24 hours from receipt of notice, or such additional time as may be authorized in writing by the Board of Directors or Management Agent, to cure the violation or to provide reasonable evidence that no violation exists. No further notice shall be required prior to enforcement after notice of the initial violation is given.

21. Waivers of Rules and Regulations.

The Board of Directors or the Management Agent may, for good cause, as determined in its sole discretion, waive violations of these Rules and Regulations. Such waiver shall be in writing and a copy of such waiver shall be either maintained for a reasonable period in the offices of the Association or recorded in the Register of Deeds for Beaufort County, South Carolina.

22. Amendment of Rules and Regulations.

The foregoing Rules and Regulations are subject to amendment by the Board of Directors and may be supplemented by other rules and regulations promulgated by the Board of Directors.